

OSAMA: BACK FROM THE NOT-SO-DEAD ■ HOW *BROKEBACK* BROKE OUT

TIME

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BILL FORD has big ideas about how to save his company—and the endangered U.S. auto industry. How he's trying to give Motown back its mojo

BY DORINDA ELLIOTT





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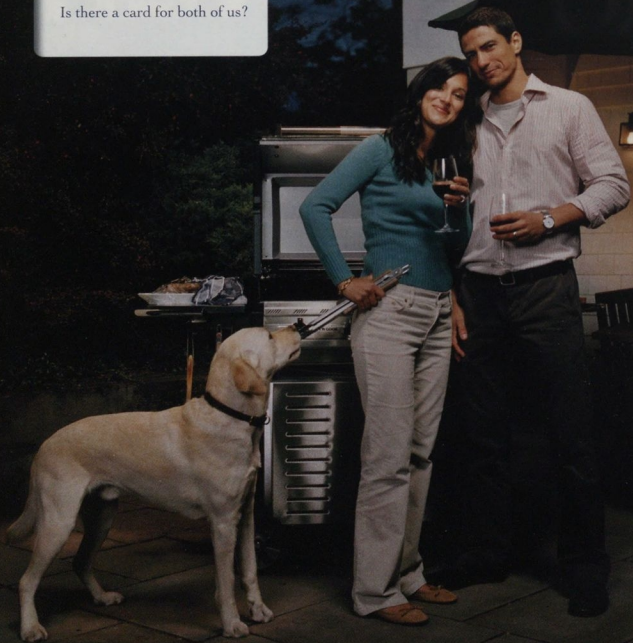
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YUSUF AZHREY FOR TIME

24 A new bin Laden tape emerges; in Pakistan he remains popular

TIME

January 30, 2006
Vol. 167, No. 5

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COVER: Photograph for TIME by Matthew Gilson

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TIME ONLINE EDITION

In 1981, *TIME* heaped praise on Meryl Streep, who had just won her first Oscar, for *Kramer vs. Kramer*. You can see what we said about her subsequent movie at timearchive.com, along with our covers on other Oscar winners, from Clark Gable to Jodie Foster and many more.

OSCAR QUIZ

Which star has never been nominated?



FOR THE ANSWER Go to time.com/oscarquiz, where you can answer this question and test how well you know Oscar trivia



ASK JOE *TIME* columnist Joe Klein responds to selected questions and comments throughout the week on time.com. Send him your thoughts about government and politics at time.com/askjoe.

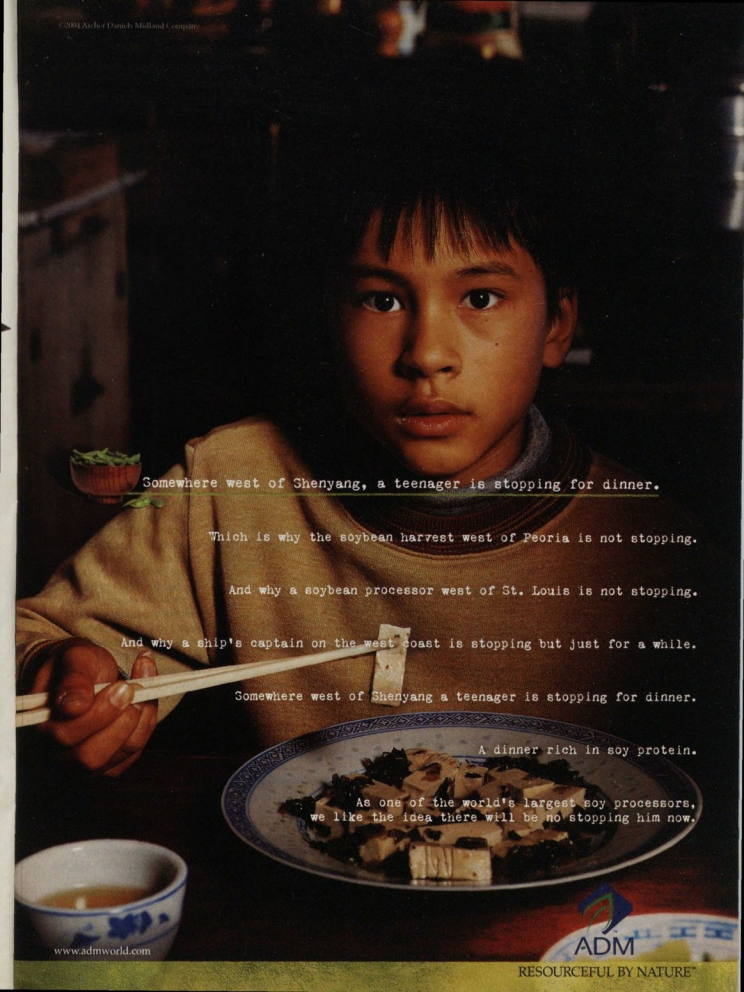
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TIME journalists appear regularly on PBS with interviewer Charlie Rose to discuss the events of the week, fascinating characters and major ongoing stories that they are following. Check out charlierose.com for up-to-date schedules, show transcripts and the Charlie Rose Show message board.





Somewhere west of Shenyang, a teenager is stopping for dinner.

Which is why the soybean harvest west of Peoria is not stopping.

And why a soybean processor west of St. Louis is not stopping.

And why a ship's captain on the west coast is stopping but just for a while.

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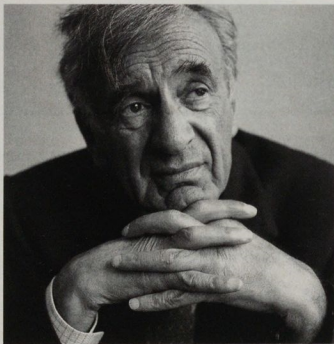
10 QUESTIONS FOR ELIE WIESEL

Nobel Peace Prize winner Elie Wiesel, 77, is a teacher, writer—and survivor. His memoir *Night*, chronicling his time in Nazi concentration camps, was named last week as the latest selection of Oprah's Book Club. The Boston University humanities professor spoke with TIME's Jeff Chu about reaching new audiences, the trendiness of Kabbalah and why he admires Moses.

OPRAH'S BOOK CLUB GIVES YOU VERY DIFFERENT READERS FROM THOSE YOU HAD WHEN NIGHT FIRST CAME OUT. This book came out 45 years ago in America. At the beginning, there were very few readers! Priests and rabbis, when they spoke about the book, were reprimanded by parents who said, Why turn our children into morbid persons? Curiosity has increased, especially among young people. And now, thanks to the extraordinary voice of Oprah, people will read it who had never heard of me before.

THIS IS A NEW TRANSLATION OF NIGHT. CRITICS HAVE QUESTIONED CHANGES FROM THE OLD ONE, LIKE YOUR AGE WHEN YOU ARRIVED AT AUSCHWITZ, WHICH WAS "NOT QUITE 15" AND IS NOW JUST "15." I think [the criticism] is incredible. I started laughing. I'm not surprised about anything anymore. Look, in this version, I say I was 15. That's not really true either. I was born on Sept. 30, 1928. I arrived in Auschwitz in May 1944. So I was 15½.

THE VERACITY OF MEMOIR IS A HOT TOPIC, ESPECIALLY AFTER THE DOUBTS ABOUT JAMES FREY'S A MILLION LITTLE PIECES (OPRAH'S PREVIOUS SELECTION). I don't want to speak of that controversy. I will say, with memoir, you must be honest. You must be truthful.



DAVID DEAL—REXUSA

IN NIGHT, YOU WRITE ABOUT YOUR INTEREST IN JEWISH MYSTICISM AND KABBALAH, WHICH HAVE FOUND A NEW PLACE IN POP CULTURE. I'll tell you what: I believe mysticism is a very serious endeavor. One must be equipped for it. One doesn't study calculus before studying arithmetic. In my tradition, one must wait until one has learned a lot of Bible and Talmud and the Prophets to handle mysticism. This isn't instant coffee. There is no instant mysticism.

YOU WERE A BOOKISH BOY. TODAY, YOU MIGHT BE CALLED

A GEEK. [Laughs] I've heard that word, but I never knew what it meant. In my childhood, there were others that were as assiduous as I was and some more learned than I. I was not unusual, not in my time.

DO YOU HAVE A FAVORITE BIBLE HERO? Moses was the greatest legislator and the commander in chief of perhaps the first liberation army. He was a prophet, God's representative to the people and the people's representative to God. And he never had a good day in his life. Either the people

were against him, or God was against him.

SO WHAT COULD MODERN LEADERS LEARN FROM MOSES' EXAMPLE? Humility. Everyone needs it, but mainly leaders. Because they have power.

HUMILITY, CONSCIENCE, THE USE OF POWER—THESE ARE THEMES YOU'VE DISCUSSED FOR YEARS. My mission has not changed, because I don't think the world has changed. In the beginning, I thought, Maybe my witness will be received, and things will change. But they don't. Otherwise we wouldn't have had Rwanda and Darfur and Cambodia and Bosnia. Human nature cannot be changed in one generation.

WHERE DO WE START? WHAT DO WE NEED TO FOCUS ON? Two subjects. We should fight hatred. There should be a Biblical commandment: Thou shalt not hate. And then there is indifference. Everyone can fall into this trap. It's so easy to enter into indifference and stay there. An indifferent person remains indifferent unless shaken up. These are the most important subjects in the world.

YOU SOUND HOPEFUL, BUT I KNOW YOU LOVE TO READ AND TEACH ALBERT CAMUS. WHY? MANY PEOPLE SEE HIM AS A DEPRESSING WRITER. To the contrary, I think he is hopeful. If you read *The Plague*, there is a doctor who does everything he can to save. In the midst of death, there is a human being who sacrifices his days and nights—and maybe risks his life—to save people he'd never met. Camus said, "Where there is no hope, one must invent hope." It is only pessimistic if you stop with the first half of the sentence and just say, There is no hope. Like Camus, even when it seems hopeless, I invent reasons to hope. ■

“Mysticism is a very serious endeavor ... There is no instant mysticism.”

Martin Luther King Jr.'s Final Days

The book excerpt describing King's assassination and the events leading up to it brought thoughtful responses from readers who reflected on the civil rights leader's contributions to racial equality in the U.S. Some felt, however, that certain details about King's personal life could have been omitted

THE EXCERPT FROM TAYLOR BRANCH'S biography of Dr. Martin Luther King Jr. [Jan. 9] was superb. It helped show the personal side of the man. I disagree, however, with Jesse Jackson, who in TIME's forum, "What If He Were Alive Today?", said that King would be challenging the war in Iraq. I think King would be less concerned about U.S. actions in Iraq than about seeing the failure of his dream of social justice and equality in this country. The U.S. now seems even more inclined than it was in King's day to treat people differently just because of their ethnicity, skin color, gender or sexual orientation.

ROBERT D. FESTENSTEIN
Wyoming, Ohio

IN 1963 TIME SELECTED KING AS MAN OF THE Year. In 1964 he was awarded the Nobel Peace Prize. A man of superior intelligence, King was a passionate crusader for complete justice for all people and an extraordinary leader. Americans observe a national holiday in his honor. It grieves me deeply, therefore, that you felt it necessary to print references to his extramarital affairs, which can only diminish his stature. I am not disputing the information in the excerpt. I am only lamenting the fact that so many people seem to find it necessary to expose the clay feet of our heroes.

(THE REV.) LOUIS GERHARDT
Twenty-nine Palms, Calif.

IF EVER THERE WAS CLEAR EVIDENCE OF the changes in U.S. society since the time of King, it is in the juxtaposition of the photos on your front and back covers. The back-cover ad, portraying Serena Williams as the strong, empowered woman she is, could not have been rendered in King's day. Today we take such portrayals of black women for granted. But they would have been impossible if



“King’s commitment to nonviolence convinces me that he would abhor all the bloodshed and strife that besiege America today.”

BRIEN COMERFORD
Glenview, Ill.

not for the efforts of King and his movement. There is much more to do, but look how far we’ve come.

CHARLES M. CORRELL
Conway, Mass.

KING'S COMMITMENT TO NONVIOLENCE convinces me that he would abhor all the bloodshed and strife that besiege America today. Murderous gangs, violent disrespect for women and cruelty to animals would be anathema to King. No black or

white civil rights activist in the U.S. has filled King's void. Fortunately, his pacifist ideology profoundly influenced South Africa's social-justice icons Nelson Mandela and Desmond Tutu.

BRIEN COMERFORD
Glenview, Ill.

■ Read other stories about Martin Luther King Jr. in TIME's archives at time.com/king.

Latin American Leftists

AS A DOMINICAN IMMIGRANT GETTING A master's degree in the U.S., I appreciated your report on the growth of left-leaning governments in Latin America [Jan. 9]. You accurately reflected the views of millions of immigrants here in the U.S.: that it is high time Latin American countries faced up to the U.S. and rejected its unfair policies. The spirit of the poor will never die. More and more of us young professionals are here in the U.S. getting an education so that we can go back to our home countries and work for change. We will return with not only our expertise but also the awareness of what fuels unfair American policies: hypocrisy, social inequality and an arrogant materialism. Thank you for shedding light on a political movement that has clawed its way out of repression and assassinations. The voice of poor people will finally be heard.

MANUEL DAVID MATOS
Amherst, Mass.

Abode of Souls

DAVID VAN BIEMA'S ESSAY "LIFE AFTER Limbo" on the Roman Catholic Church's changing its teaching on limbo took me back to the '50s, when I grew up attending a Catholic school [Jan. 9]. As described by the nuns, limbo [the afterlife for infants who die before being baptized] was similar to life on earth but

TIME
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■ In snow and ice, the 2006 Winter Olympics will begin Feb. 10 in Torino, Italy. Thirty years ago, Americans were captivated by skater Dorothy Hamill. Our cover story on her (Feb. 2, 1976) explained, "Dorothy embodies the old adage that power perfected becomes grace. Skating with élan and subtle musicality, she skims over the ice, gliding smoothly into jumps that flow without hesitation." Read more at timearchive.com.

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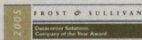
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without sickness, death, unhappiness or failure. I was absolutely furious that I had been baptized and was therefore ineligible for limbo. Heaven, on the other hand, involved endless God worshipping and constant harp strumming. It struck me as terribly boring. The only thing heaven had going for it was that it was not so painful as purgatory or hell.

JUDITH A. MERRILL
Wethersfield, Conn.

THE CHURCH'S DECISION TO ABANDON limbo raises a crucial question: Did God change his mind, or was the Catholic Church wrong again?

CHARLES H. HOWARTH
Eagle, Idaho

Secret Snooping

TIME REPORTED ON THE CONTROVERSY over President George W. Bush's secret directive to allow the National Security Agency to eavesdrop on phone conversations in the U.S. without a court-ordered warrant [Jan. 9]. Extraordinary times call for extraordinary measures. Those who are up in arms about the secret spying on people with known links to al-Qaeda would be the first to blame the President for not preventing another attack. I am not an apologist for Bush, but he did get this one right. Terrorists need to know they can't use our eavesdropping laws against us. The President took an oath to protect the American people, and I am glad he is doing it.

GABE GROTE
Fort Worth, Texas

BUSH HAS BYPASSED AND IGNORED THE laws set forth by Congress requiring warrants for wiretaps. You could even say he has decided to make his own laws. Although Bush's intentions may be good, it is the precedent being set that we should be worried about. Twenty years from now we may have a President whose intentions are not so creditable. It is obvious that Americans need to fight terrorism, but in doing so, we are eroding the basic tenets our democracy is built on. History is filled with tyrants and dictators. Let's not leave room for one to come to power in the U.S.

RYAN FORTMAN
Denver

THE PRESIDENT SHOULD BE MORE respectful of individual rights* and the separation of powers. Any important wire tap needs to be approved by the ap-

propriate court, a simple but vital check on the authority of government officials. We citizens are sacrificing too much because of the Bush Administration's lust for unchecked power.

JERRY BORROWMAN
Sandy, Utah

I HAVE NO ISSUE WITH ANYONE LISTENING to my phone calls or reading my mail if it means I will be safe when I take the subway or get on an airplane. The only people who don't support Bush's move to monitor communications are people with things to hide.

DEBORAH COZEOLINO
New York City

PERSUASIVE PICTURES



In "When Hollywood Gets Terrorism Right" (Jan. 16), columnist Joe Klein wrote about movies dealing with terrorism, such as *Syriana*, *Munich* and the Palestinian film *Paradise Now*. Klein noted we should be mindful that "we are at war and ... these sorts of entertainments can influence the public's sense of the struggle." The political impact of realism in movies and TV has long been of interest to TIME's critics. Here are two excerpts of comments that were part of our coverage of *Missing*, the 1982 film by director Constantin Costa-Gavras:

"The argument goes like this: **EVERY MOVIE IS PROPAGANDA.** Every character is a walking placard—for capitalism or idealism or monogamy or the status quo. Every shot, by its placement and rhythm and duration, is one more Pavlovian command to the viewer. A narrative movie is usually successful to the extent that it obscures these facts, transforms the thesis into entertainment and the placards into persuasive semblances of human beings." —Richard Corliss, Feb. 15, 1982

"Movies and TV are probably the most effective means of persuasion ever devised ... D.W. Griffith's *The Birth of a Nation* [1915] was the history of the Civil War for many moviegoers; so far as millions of TV watchers are concerned, *Roots* [1977] told them all they need to know about slavery." —Gerald Clarke, March 8, 1982

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—Janet Maslin, New York Times

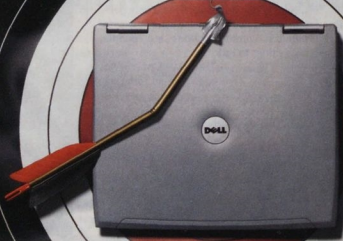
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TIME QUOTED DICK CHENEY, WHO SAID, "If you're calling Aunt Sadie in Paris, we're probably not really interested." How about listening in on what a political rival is up to or TIME's next big story about the Administration? If there is no judicial oversight of eavesdropping, how can the President be prevented from using it for personal gain? Do the American people really have that much trust in the Bush Administration after the lies about the reasons for the war in Iraq? It is not news that the U.S. has no respect for civil liberties outside the U.S., but what comes as a surprise is that there is no respect for them inside the U.S. either. Wiretaps without warrants and a President who breaks the law are something that would never be accepted in Europe. I hope the American people know what they have got themselves into. Men do not easily give up power once they have got it.

HENRIK SEGERSVEN
Espoo, Finland

I HAVE NO PROBLEM WITH THE AUTHORITIES rooting out terrorists by legal means, but Americans should remember the kind of information collected by FBI chief J. Edgar Hoover and how he used it to threaten his personal enemies. One of Hoover's targets was Martin Luther King Jr. I would like to think that Canadian jurists would make quick work of any official who wiretapped without the approval of the court.

MAURICE A. RHODES
Nelson, B.C.

SURE, THE DOMESTIC-SURVEILLANCE program makes sense for protecting Americans. But what if it results in throwing even more people into the prison at Guantánamo or perhaps the invasion of yet another Middle Eastern country? Then we might discover that such U.S. actions were also based on faulty intelligence.

ALY MAREI
London

Persons of the Year

I WAS VERY PLEASED WITH TIME'S CHOICE of the "Good Samaritans," Bill and Melinda Gates and Bono, as your Persons of the Year [Dec. 26, 2005-Jan. 2, 2006]. Those three have been successful in breaking through people's apathy about worldwide poverty that kills millions every year. The trio is waking us up to the world's problems. Here is a son

who lost a mother because of AIDS. There is a father who lost a daughter to malaria. How can we be indifferent to those sorrows? The Gateses and Bono are pioneers, leading us to end that injustice.

ALISA RACHUBO
Tokyo

SELDOM DOES A WRITTEN WORK COME along that truly deserves to be in every home. Your Persons of the Year issue is one such example and should be recommended as essential reading for all.

IAN HARRIS
Sturminster Newton, England

HIGHLIGHTING THE ACTIONS OF BONO and the Gateses brings hope to solving the global health crisis. Having practiced medicine for almost 50 years, mostly in France, I recently returned from a teaching mission in sub-Saharan Africa. There I was appalled to see patients with acute pneumonia sent home to die, unless the family could pay \$180 in cash for hospitalization. I am measured to read that the Bill and Melinda Gates Foundation demands strict accountability from its grantees.

ALBERT FOURNIER
Amiens, France

HOW TO REACH US

TIME

LETTERS TO THE EDITOR

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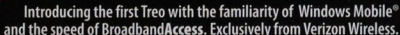
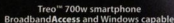
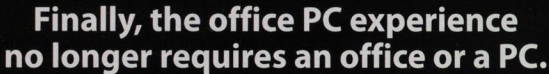
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A SLOW IRAN SQUEEZE

AS IRAN SHOWS NO signs of giving in to global calls to cease its nuclear-research activities, Western nations have been mapping out a careful, incremental plan to stop Tehran. The West's plan is informally known to diplomats as the frog strategy—with no disrespect to the French, who are among its key tacticians.

atomic activity voluntarily. If after two or three months Iran remains intransigent, they would then propose a stronger Security Council order based on the U.N.'s authority to combat threats to international peace. Step three would call for targeted sanctions, such as a freeze on government bank accounts—a possibility for which Tehran apparently began planning last week when it started to shift its foreign-currency

Rice and E.U. allies have crafted what is informally called the frog strategy



The name refers to the old saw that if you want to boil a frog, you put the unsuspecting amphibian in a pot of cold water. "This time it will be an Iranian frog," says a European diplomat. "The strategy is to heat slowly but steadily and try to keep the frog inside."

The plan was crafted by U.S. Secretary of State Condoleezza Rice and her French, German and British counterparts. The E.U. trio requested a meeting of the International Atomic Energy Agency, now set for Feb. 2, to consider referring Iran to the U.N. Security Council. If the case goes there, the allies plan a three-step approach: first, a mild resolution exhorting Tehran to end its questionable

reserves from E.U. banks.

The frog strategy may infuriate U.S. hard-liners who argue that it does little to hinder Iran's nuclear work right now. But proponents say that only the go-slow approach can win support from Russia and China. "The diplomacy with the Russians and the Chinese is very intense," says a key official. Rice, scheduled to travel to London next week for a conference on Afghanistan, may stop first in Moscow for talks with Russian officials. She needs Moscow's backing to win Beijing's—and ultimately to gain Iran's compliance. As for a step four to the strategy, there is no clear one yet: an uncooperative frog is something nobody wants to talk about. —By Elaine Shannon



"When you look at the way the House of Representatives has been run, it has been run like a plantation."

HILLARY CLINTON, Democratic Senator from New York, on Martin Luther King Jr. Day, comparing the Republican-controlled House to a slavery-era operation in which any dissenting voices are squelched

"It's a ridiculous comment."

LAURA BUSH, First Lady, on Senator Clinton's remark

"If the term *legitimate medical purpose* has any meaning, it surely excludes the prescription of drugs to produce death."

ANTONIN SCALIA, U.S. Supreme Court Justice, in a dissent to the 6-to-3 ruling last week upholding the Oregon law that allows doctors to help terminally ill patients end their lives

"It is like asking John Gotti to do what he can to clean up organized crime."

HARRY REID, Senate minority leader, on the Republican proposal to rewrite House rules governing lobbying

"How do you make chocolate? You take dark chocolate, you mix it with white milk, and it becomes a delicious drink."

RAY NAGIN, New Orleans mayor, fighting charges of racism after he called for "chocolate New Orleans" to be rebuilt. He later apologized

"This is almost as good as being an Oprah book."

WILLIAM BLUM, historian, on the spike in sales of his book *Rogue State: A Guide to the World's Only Superpower*, after Osama bin Laden said in his recently released audio message that Americans ought to read it for its perspectives on international interference

"I was—what do they call it? I was unavailable."

JOSEPH LOMBARDO, 77, who finally went before a federal judge last week after evading authorities for nearly nine months following his indictment, along with 13 others, in what prosecutors described as a historic sweep of Chicago's organized-crime leaders

"Wendy's had always been my family's favorite fast-food restaurant. For all the shame I brought upon them, I am sorry. I am so sorry."

ANNA AYALA, who got nine years in jail for an extortion scheme that started with planting a severed finger in a bowl of Wendy's chili



A memorial for Sago miners

Digging for Clues After Sago

AS CONGRESS GEARED UP FOR this week's hearings on the Sago mine accident, which killed 12 coalworkers earlier this month, disaster struck another West Virginia mine. A fire at Alma No. 1 last week left two people dead—and put new pressure on the federal Mine Safety and Health Administration (MSHA), which regulates mining operations. House Democrats are asking whether MSHA oversight has been not only weaker but also more secretive under the Bush Administration. Sago was cited for 208 alleged safety violations in 2005, Alma No. 1 for 95. In the past, the MSHA made its inspectors' full notes public, but since 2004, it has released only briefer citations. Critics say the inspectors' notes provide more information on conditions in dangerous

mines. Representative Henry Waxman, top Democrat on the House Government Reform Committee, has sent a letter to Labor Secretary Elaine Chao—whose department oversees the MSHA—arguing that if the inspector notes for the Sago citations had been disclosed, “it is possible that lifesaving reforms could have been identified and put in place.” Waxman tells *TIME*, “The Administration’s obsession with secrecy is literally endangering lives.” Mine-inspection officials dispute such allegations, insisting enough information on safety infractions is made public. An MSHA official explained that the policy change made procedures “consistent with [those of] other enforcement agencies.” —By Douglas Waller

SHOW ENRON SOME LOVE

The name Enron may now be synonymous with lost jobs, ruined retirements and galling corporate fraud. But the company—whose former CEOs Kenneth Lay and Jeffrey Skilling go on trial in Houston next week—also left a legacy of brilliant ideas. Here are three we can (grudgingly) thank it for.

■ **LOWER ELECTRICITY BILLS** Yes, Enron’s market manipulation triggered California’s rolling blackouts in 2000, but its unceasing push for deregulation of power markets made an impact. “The trading aspect of their business actually solved a problem,” says Brian Hamilton, CEO of Sageworks, a research firm in Raleigh, N.C. Deregulation doesn’t work unless traders manage the hour-to-hour gaps between supply and demand and keep those markets efficient. In states like Pennsylvania that have well-designed systems, retail prices have fallen as much as 30% since deregulation took effect.

■ **SMARTER RISK TAKING** Its culture embraced risk—including others’. Enron’s Energy Services unit was a pioneer in building a business based on getting other companies to pay to shed risk. It helped concerns like Starwood Hotels handle complex financial instruments that protected them from swings in energy prices. Clients got predictable prices; Enron took on the risk—and potentially huge rewards. One tool Enron had to work with: groundbreaking in-house software for risk management.

■ **AN ARMY OF IDEAS** With 16 of Enron’s execs pleading guilty to various crimes since 2002, it’s easy to forget that the company had thousands of employees who moved on without rap sheets and, in many cases, with their novel thinking. Lynda Clemmons, who at Enron pioneered weather derivatives (financial products used to hedge climate-related risk like energy consumption) did the same for XL Weather & Energy. Top Enron trader John Arnold now runs an energy hedge fund, Centaurus, and a group of those pioneering risk specialists started Mobius Risk Group. Enron’s top talent might have had a reputation for arrogance, but in the stodgy world of utilities, Enron was full of ideas—many of them perfectly legal. —By Jyoti Thottam



RICH OHIO BUT POOR OHIOANS

One goal of the 1996 federal welfare reform was to give states more flexibility in spending antipoverty funds, through the Temporary Assistance for Needy Families (TANF) program. But only four states used all their TANF money in 2004, the last year for which data were available. No other state has hoarded like Ohio, which has \$900 million in unused TANF funds—a surplus twice as big as second-ranked New York’s.

Ohio officials admit the pot is too big, given that the num-

ber of Ohioans living in poverty rose 17% from 2000 to 2004 and some 83,000 families are on welfare. They blame the gap on accounting errors and on

counties that they say failed to put TANF-eligible programs into place. “We are making aggressive efforts to get more money into the hands of the working poor,” says Barbara Riley, director of Ohio’s Department of Job and Family Services. The

state will use \$75 million to help heat the homes of low-income Ohioans. And poor households just got their first raise in five years: a family of three now nets \$410 a month, up from \$373. But even with food stamps, that annual income is about \$6,000 below the federal poverty line of \$16,092.

Efforts to dole out more money haven’t gone far. Last fall G.O.P. state representative Jimmy Stewart proposed a further \$100-per-family raise in monthly aid. “We can afford this,” he says. His colleagues have not yet scheduled hearings on his bill. —By Wendy Cole



The state's number of poor is up

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It is important for patients to take their medicine every day as directed by their doctors or health care providers. Patients taking COREG should avoid stopping therapy abruptly. With certain beta-blocking agents, stopping therapy abruptly has led to chest pain and, in some cases, heart attack. If their doctor decides that they should stop taking COREG, their doctor or health care provider may slowly reduce their doses over a period of time before stopping it completely.

Some common side effects associated with COREG include shortness of breath, a slow heartbeat, weight gain, fatigue, hypotension, dizziness or faintness. People taking COREG who have any of these symptoms should call their doctor. Additionally, if patients experience fatigue or dizziness, they should sit or lie down and avoid driving or hazardous tasks. Beta-blockers may mask the symptoms of low blood sugar or alter blood sugar levels. People with diabetes should report any changes in blood sugar levels to their physician. Contact lens wearers may produce fewer tears or have dry eyes. As with any medicine, patients taking COREG should also first tell their doctor what other medications they are taking.

As with any medicine, there are some people who should not take COREG. The people who should not take COREG include those with severe heart failure who are hospitalized in the intensive care unit. Also, people who require certain intravenous medications that help support their circulation (inotropic medications) should not receive COREG. Other people who should not take COREG are those who are prone to asthma or other breathing problems, those with a very slow heartbeat or heart that skips a beat (irregular heartbeat), and those with liver problems. For more information on COREG, visit www.coreg.com.

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BRIEF SUMMARY

diuretics, other antihypertensive agents. It is prudent, if COREG is used, to use the smallest effective dose, such that inhibition of endogenous or exogenous β -adrenergic stimulation is minimized. Clinical trials have shown that patients with congestive heart failure, patients with bronchospastic disease were enrolled if they did not require oral or inhaled medication to treat their bronchospastic disease. In such patients, it is recommended that carvedilol be used with caution. The dosing recommendations should be followed closely and the dose should be lowered if any evidence of bronchospasm is observed during treatment. **Contraindications** Carvedilol is contraindicated in patients with known hypersensitivity to the drug. **Warnings** Patients should be advised to consult their physician's advice. Congestive heart failure patients should consult their physician if they experience signs or symptoms of worsening heart failure such as weight gain or increasing shortness of breath.

They may experience a dip in blood pressure when standing, resulting in dizziness and, rarely, fainting. Patients should sit or lie down when these symptoms of lowered blood pressure occur. If patients experience dizziness or fatigue, they should avoid driving or hazardous tasks. They should consult a physician if they experience dizziness or faintness, in case the dosage should be adjusted. They should take COREG with food. Diabetic patients should report any changes in blood sugar levels to their physician. Contact lens wearers may experience decreased lacrimation.

Drug Interactions: (Also see CLINICAL PHARMACOLOGY, Pharmacokinetic Drug-Drug Interactions in complete prescribing information). **Inhibitors of CYP2D6:** poor metabolizers of debrisoquine. Interactions of carvedilol with strong inhibitors of CYP2D6 (such as quinidine, fluoxetine, paroxetine, and meprobamate) have not been studied, but these drugs could be expected to increase blood levels of carvedilol.

The R(+) enantiomer of carvedilol [see CLINICAL PHARMACOLOGY section] was used to treat patients with congestive heart failure. Retrospective analysis of side effects in clinical trials showed that poor 206 metabolizer status had a higher rate of dizziness during up-titration; presumably resulting from vasodilating effects of the R(+) enantiomer. The S(-) enantiomer of carvedilol has been shown to have more potent alpha₁-adrenoceptor blocking both agents with β-blockade. **Catecholamine-depleting agents:** Patients receiving reserpine or monoamine oxidase inhibitors) should be observed closely for signs of hypotension and/or severe bradycardia. **Clonidine:** Concomitant administration of clonidine with agents with α₁-adrenoceptor blocking properties may potentiate blood-pressure and heart-rate-lowering effects. When clonidine is treated with agents with α₁-adrenoceptor blocking properties, the dose of clonidine or β-blocking agent should be discontinued first. Clonidine therapy can then be discontinued several days later by gradually decreasing the dosage. **Cyclosporine:** Modest increases in mean trough concentrations were observed following initiation of carvedilol treatment in 21 renal transplant patients. If renal function is stable, cyclosporine dosages need not be adjusted. In patients with impaired renal function, cyclosporine had to be reduced in order to maintain cyclosporine concentrations within the therapeutic range, while in the remainder no adjustment was needed. On the average for the group, the dose of cyclosporine was reduced about 20% in these patients. Due to wide interindividual variability in cyclosporine pharmacokinetics, individualized dosing adjustments are recommended. After initiation of carvedilol therapy and that the dose of cyclosporine be adjusted as appropriate.

Digoxin: Digoxin concentrations are increased by about 15% when digoxin and carvedilol are administered concomitantly. Both digoxin and DOREG slow AV conduction. Therefore, increased digoxin concentrations may increase the risk of bradycardia. **Concomitant use of DOREG and inhibitors of hepatic metabolism:** Rifampin, rifabutin, and phenytoin may decrease the plasma levels of digoxin by about 70%. Gemfibrozil increased AUC by about 30% but caused no change in C_{max} . **Calcium channel blockers:** Isolated cases of conduction disturbance (rarely with hemodynamic compromise) have been observed when COREG is co-administered with diltiazem. As with other agents with β -blocking properties, if COREG is to be administered orally with calcium channel blockers of the dihydropyridine type, it is recommended that ECG and blood pressure be monitored. **Insulin or oral hypoglycemics:** Insulin and oral hypoglycemics may increase the plasma levels of digoxin. Therefore, in patients taking insulin or oral hypoglycemics, regular monitoring of blood glucose is recommended. **Carcinogenesis, Mutagenesis, Impairment of**

maternity: In 2-year studies conducted in rats given carvedilol at doses up to 75 mg/kg/day (12 times the maximum recommended human dose [MRHD]) when compared on a α_1 -m/gm²-basis or in mice given up to 200 mg/kg/day (16 times the MRHD) on a α_1 -m/gm²-basis, carvedilol had no carcinogenic effect. Carvedilol was also tested in *in vivo* micronucleus and sister chromatid exchange (SCE) assays. CHO/HGPRT assays for mutagenicity and the *in vitro* hamster micronucleus and *in vivo* human lymphocyte cell tests for clastogenicity. At doses ≥ 200 mg/kg/day [≥ 32 times the MRHD as α_1 -m/gm²], carvedilol was toxic to adult rats (sedation, reduced weight gain) and was associated with a reduced number of successful matings, prolonged mating time, significantly fewer corpora lutea and implantation sites, and complete resorption of 83% of the pregnancies. No observed-effect dose level for overt toxicity in the rat was 100 mg/kg/day (16 times the MRHD as α_1 -m/gm²).

Teratogenic Effects: Pregnancy Category C. Studies performed in pregnant rats and rabbits given carvedilol revealed increased post-implantation loss in rats at doses of 300 mg/kg/day (50 times the MRHD as α_1 -m/gm²) and in rabbits at doses of 75 mg/kg/day (25 times the MRHD as α_1 -m/gm²). In the rats, there was also a decrease in fetal body weight at the maternally toxic dose of 300 mg/kg/day (50 times the MRHD as α_1 -m/gm²) when compared with an elevation in the frequency of fetuses with delayed skeletal development (missing ossification centers) in rabbits. At 75 mg/kg/day (25 times the MRHD as α_1 -m/gm²), developmental toxicity was 60 mg/kg/day (10 times the MRHD as α_1 -m/gm²) in rabbits. It was 15 mg/kg/day (5 times the MRHD as α_1 -m/gm²). There are no adequate and well-controlled studies in pregnant women. COREG should be used during pregnancy only if the potential benefit justifies the potential risk to the fetus.

Nursing Mothers: It is not known whether this drug is excreted in human milk. Because many drugs are excreted in milk, and because carvedilol is known to cross the placental barrier and are excreted in breast milk. There was increased morbidity in one-week-old pups in neonates from rats treated with 60 mg/kg/day (10 times the MRHD as α_1 -m/gm²) and about during the last trimester through day 22 of lactation. Because many drugs are excreted in human milk and because of the potential for serious adverse reactions in nursing infants from β -blockers, especially bradycardia, a decision should be made whether to discontinue nursing or to discontinue the use of carvedilol during breastfeeding, taking into account the benefits of breastfeeding to the child and the benefits and risks of the drug to the mother. **Pediatric Use:** Safety and efficacy in patients younger than 18 years of age have not been established.

Geriatric Use: Of the 765 patients with congestive heart failure randomized to COREG in US clinical trials, 31% (235) were 65 years of age or older, and 7.3% (56) were 75 years of age or older. Of the 1,156 patients randomized to COREG in a placebo-controlled trial in severe heart failure, 47% (547) were 65 years of age or older, and 15% (174) were 75 years of age or older. In the 1,156 patients with congestive heart failure, the overall mortality rate was 42% were 65 years of age or older. Of the 595 myocardial infarction patients randomized to COREG in the CAPRICORN trial, 48% (468) were 65 years of age or older, and 11% (111) were 75 years of age or older. Of the 2,065 hypertension patients in US clinical trials of efficacy or safety who were treated with COREG, 21% (426) were 65 years of age or older. Of 3,722 patients receiving COREG in hypertension trials, 21% (426) were 65 years of age or older, and 15% (283) were 75 years of age or older. In the 3,722 patients with hypertension, there were no differences in the safety or effectiveness (See Figures 2 and 4 in complete prescribing information). Were observed between the older subjects and younger subjects in each of these populations. Similarly, other reported clinical experience has not identified differences in responses between the elderly and younger subjects, but greater sensitivity of some older individuals

ADVERSE REACTIONS: COREG has been evaluated for safety in patients with congestive heart failure (mild, moderate, or severe heart failure), in patients with left ventricular dysfunction following myocardial infarction, and in extensive pediatric populations. The observed adverse event profile was consistent with the pharmacology of the drug and the health status of the patients in the clinical trials. Adverse events reported for each of these patient populations are provided below. Excluded are adverse events considered too general to be informative, and those not reasonably associated with the use of the drug because they were associated with the condition being treated or are very common in the treated population. These include events generally occurring in healthy subjects, such as headache, dizziness, and weight gain; and events more commonly seen in older adults, such as hypotension, renal impairment, and weakness.



▲ **CAT CALLS** Tommy's elderly owner tried to teach him to speed-dial 911. He didn't know if it had worked until he fell last month, and the cat rang for help

▼ **BIRD AS A WIRE** According to the London papers, Chris Taylor learned the name of his girlfriend's secret beau when his parrot chirped, "I love you, Gary." He got rid of both



ROVER TO THE RESCUE

EVER WISH THAT YOUR DOG OR CAT COULD DO A LITTLE bit more for you than sleep, eat and lick itself? Well, some animals can. Lately, a few—tame and wild—have made news by giving back and changing lives. Take a peep at these philanthropists, which have proved to be truly man's best friends. —By Clayton Neuman



▲ **SNIFFING OUT TROUBLE** Scientists at a small California clinic said last week they had trained dogs to confirm diagnoses of lung and breast cancer by sniffing patients' breath samples. Skeptical but intrigued, experts say it's not time to swap lab tests for Labradors



▲ **TAIWANESE RETRIEVER** A woman in Taiwan owes her baby's life to her pooch, which pulled the drowning newborn from a toilet. The mother had passed out during an unexpected solo childbirth

▼ **LENDING A FIN** Fishermen in Indonesia reported that just before the 2004 tsunami hit, a school of dolphins pushed their boat to deeper, safer water



Penguin vs. Bear: 1-0

HOO DREAMS. CRUMB. Michael Moore's *Roger & Me*. Errol Morris' *The Thin Blue Line*. Michael Apted's *7 Up* series. These are some of the finest documentary features in recent decades, and they share one distinction: none received an Oscar, or even a nomination, for Best Documentary. An outcry over the exclusion of films like these and charges of cronyism within the Academy of Motion Picture Arts and Sciences' selection committee led to rules changes in 2001. So this year's list will be a lot sharper, eh?

Nay. Let's name five of the most acclaimed nonfiction films of 2005. *The Aristocrats* is the deconstruction, by dozens of comedians, of the world's most notorious dirty joke. *Why We Fight* cogently analyzes the U.S. military-industrial complex. *The Power of Nightmares* provocatively compares the doctrines of

al-Qaeda and the American neocons. Werner Herzog's *Grizzly Man*, a study of a wildlife activist's annual trip to commune with the beasts who finally tear him apart, is a kind of *Brokeback Mountain*, evoking human love and obsession. It shared the New York Film Critics' Circle award for Best Documentary with Herzog's *The White Diamond*, about an attempt to fly an airship over the Guyanese rain forest—sheer soaring rapture.

All five films received fervent reviews. And none made the preliminary Oscar short list of 15 documentary features, from which will come five nominees to be revealed next week.

The Academy's regulations, which are about as byzantine as Medicaid rules, disqualify a film that's been shown on TV before its theatrical opening. So *Why We Fight* was out, because it had aired on the BBC (which co-produced



Herzog's documentaries, including *Grizzly Man*, failed to nab Oscar nods

it). As for *Grizzly Man*, we guess the selectors just didn't like it. Arthur Dong, a governor of the Academy's documentary branch, can't say why any film was refused because "we don't discuss the films among ourselves." But could he give his own opinion of *Grizzly Man*? "No."

Herzog sounds serene over the rejection. "I don't lose one moment of sleep over it," he says. "I'm perfectly content with the success of the film with audiences and critics."

One could still cull a comely quintet of nominees from the current gang of 15—including *Enron: The Smartest Guys in the Room*, *Mad Hot Ballroom*, *Murderball*, *Rize*, and, of course, *March of the Penguins*. Perhaps Herzog can take solace in the fact that, as those penguins proved, persistence is everything. —By Richard Corliss.
Reported by Amy Lennard Goehner

Read Corliss's coverage of the Oscar nominations on time.com Jan. 31



CHASING OSCAR

REVISED U.S. TORTURE
TECHNIQUES...

“The French have launched their own version of Google called Quaero. You just type in the subject you’re interested in, and Quaero refuses to look it up for you.”

—AMY POEHLER, on Saturday Night Live’s “Weekend Update”

“The Mayor of New Orleans, Ray Nagin, is in trouble for comments he made... He said God is sending hurricanes to America because he is mad at us. And today, Pat Robertson said, ‘Hey! I speak for God! Not you!’”

—JAY LENO

“Vice President Cheney is on an extended tour of the Middle East. They love him over there. He’s known as Lawrence of Arrhythmia.”

—DAVID LETTERMAN

“A new study has found that 3 million Irish men can trace their ancestry back to just one man. In his defense, the man said he’d been drinking.”

—CONAN O’BRIEN



NUMBERS



\$150,000 Fee per speech that U.S. Federal Reserve Chairman Alan Greenspan is expected to command after he retires from his post on Jan. 31

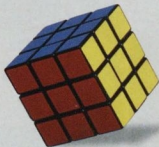
\$180,100 Greenspan’s current annual salary

30 Days of notice that New Orleans officials, under pressure from a lawsuit, agreed to give owners of most Katrina-wrecked houses slated for demolition

5,500 Number of New Orleans homes and businesses on the east bank of the Mississippi that may need to be razed

\$1.9 billion Donations pledged at last week’s global conference in Beijing to combat the spread of avian flu

149 Confirmed cases worldwide of humans infected by the H5N1 strain of the bird-flu virus; 80 people have died



11.13 sec. Time it took California student Leyan Lo to solve the Rubik’s Cube puzzle, breaking the prior record of 11.75 sec.

43 quintillion Number of unique Cube configurations

Sources: Financial Times; Federal Reserve; Bloomberg; World Health Organization; AP (3); rubiks.com

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▲ ELECTED. MICHELLE BACHELET, 54, physician and socialist; as Chile's first female President; in Santiago. An agnostic divorcee with three children, she was imprisoned and tortured under right-wing dictator Augusto Pinochet in the 1970s. Her win is seen as a sign of a cultural shift in conservative, Roman Catholic Chile and was the latest in a series of leftist victories in Latin American elections.

DIED. IBRAHIM RUGOVA, 61, President of U.N.-administered Kosovo and a leader of the decades-long quest by the province's ethnic Albanian majority for independence from Serbia; of lung cancer; in Pristina.

► DIED. WILSON PICKETT, 64, volatile R&B star whose gravely, raunchy delivery on such 1960s hits as *Mustang Sally* and *In the Midnight Hour* inspired the 1991 film *The Commitments* and helped earn him the moniker Wicked Pickett; of a heart attack; in Reston, Va. Despite drug and legal battles, the Rock and Roll Hall of Famer remained inventive and determined, answering the disco craze with explosive live performances, which he continued until shortly before his death, and meriting a 2000 Grammy nomination for *It's Harder Now*, his first album in a decade.

▼ DIED. JIM GARY, 66, globally popular artist known for massive yet graceful dinosaur sculptures made from the vividly painted parts of junked cars; after a brain

hemorrhage; in Freehold, N.J. Gary's *T. Rexes*—with oil pans for heads and leaf springs for ribs—delighted kids as well as curators, including those at the Smithsonian's National Museum of Natural History, where he had an acclaimed solo show in 1990.



DIED. BOB WEINSTOCK, 77, jazz producer who, at age 20, parlayed a family loan into an indie label that became Prestige, home to some of jazz's

greatest musicians; in Boca Raton, Fla. He encouraged his artists to record long, unrehearsed jams. Among the results: the 1956 John Coltrane-Sonny Rollins saxophone duet *Tenor Madness* and the seminal four-album series *Cookin' with the Miles Davis Quintet*, *Relaxin'*, *Workin'* and *Steamin'*.

DIED. SHEIKH JABER AL-AHMAD AL-SABAH, 79, modest emir of Kuwait, who survived a 1985 assassination attempt and Iraq's 1990 invasion and guided his tiny, oil-rich country to stability during his 28-year rule; in Kuwait City. His shrewd decisions—including an alliance with the U.S. and the creation of a fund that saves part of his country's huge oil revenues for the future—are credited with ensuring Kuwait's independence.

DIED. EDWARD HALL, 91, U.S. Air Force engineer considered the father of the Minuteman intercontinental-ballistic-missile system, the core of U.S. missile defense; in Torrance, Calif. Early liquid-fueled rockets required complex preparation. Hall helped develop a more practical solid-fuel technology—since used in missiles including the Navy's Polaris, in the Titan III and IV rockets, and in the boosters for NASA's space shuttles.

CLOSED. The independent-counsel investigation into possible tax violations by **HENRY CISNEROS**, 58, Housing and Urban Development Secretary under President Clinton; after 10 years, making it the longest independent-counsel probe in U.S. history; in Washington. Begun after Cisneros' ex-mistress alleged he had lied to the FBI about money he had given her, the inquiry continued even though Cisneros pleaded guilty in 1999 to the misdemeanor of making false statements to the bureau. It finally ended with the release of David Barrett's 474-page report, in which the prosecutor says a cover-up by Clinton-era officials prevented him from bringing new charges.

RESIGNED. RIZKAR MOHAMMED AMIN, as chief judge of the tribunal overseeing the trial of Saddam Hussein; "for personal reasons," he said in a statement; in Baghdad. The Iraqi government did not immediately accept the resignation of Amin, who has been criticized for allowing Saddam's frequent outbursts. The trial is set to resume this week after a month's recess.

47 YEARS AGO IN TIME

The intense popularity of **TV WESTERNS** moved experts to ponder the social and cultural significance of the genre long before today's hit movie *Brokeback Mountain*.



Theorizers, both professional and amateur, think the western helps people to get away from the complexities of modern life and back to the "restful absolutes" of the past... In the cowboy's world, justice is the result of direct action, not of elaborate legality. A man's fate depends on his own choices and capacities, not on the vast impersonal forces of society or science. His motives are clearly this or that, unsullied by psychologizing (except, of course, in the Freudian frontier yarns). Moreover a man cannot be hagridden; if he wants to get away from women, there is all outdoors to hide in. And he is not talk-ridden, for silence is strength. Says Sociologist Phillip Rieff: "How long since you used your fists? How long since you called the boss an s.o.b.? The western men do, and they are happy men." —**TIME**, March 3, 1959

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SIENNA

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The first minivan named a "Double Best Pick" by the IIHS.

Joe Klein

It's Easy to Be Hard and Hard to Be Smart

THE REPUBLICAN PARTY HAS BEEN HIJACKED BY RELIGIOUS fanatics that, in my opinion, aren't a whole lot different than Osama bin Laden and a lot of other religious nuts around the world," said Paul Hackett, a recent Iraq-war combat veteran who is running for the U.S. Senate from Ohio. As you may have surmised, Hackett is a Democrat, and his statement, to the Columbus *Dispatch*, raised an immediate call by the Ohio G.O.P. for an apology. "I said it," Hackett replied. "I meant it. I stand by it."

In fact, he has taken to repeating it at every stop along the campaign trail.

Which sent me hurtling to Ohio last week to check out the first hot contest of the 2006 election, the primary election between Hackett and a traditional lunch-pail-liberal Congressman named Sherrod Brown, which will be decided in a May 2 vote. The winner will meet incumbent Republican Senator Mike DeWine in the fall. It is a race with national implications—winning Ohio has become the holy grail for Democrats—but it also raises an interesting stylistic question for both parties: Is this one of those "outsider" years when the public rises up and cleans out the Congress? Hackett is, flagrantly, an amateur; Brown first ran for office soon after graduating from Yale in 1974, and he has been running ever since.

I caught up with Hackett—a tall, Hollywood-handsome sort—as he strode into a wings joint just outside Marion. At 43, he is a successful lawyer whose Marine reserve unit was deposited in the toughest part of Iraq, Ramadi and later Fallujah, in August 2004. When he arrived home—indeed, as he was embracing his wife—his best friend told him that the local congressional seat was open and that he should run for it. He did, lost well to the heavily favored Republican Jean Schmidt and received lots of positive national attention. With hardly a breath, he turned around and began his Senate campaign, after some prodding from the national-party hierarchy.

At the wings joint, he approached a



Iraq-war veteran Hackett makes Howard Dean seem like Mister Rogers

small crowd of potential supporters with a combative abrasiveness that made Howard Dean seem like Mister Rogers. "I'm a strong Democrat from the great state of Ohio and damned proud of it," he thundered. "What does the Democratic Party stand for? Limited government. Strong national defense. Fair trade. Fiscal responsibility." Limited government? That was the fun part: "I don't want to send someone to Washington to invade my private life, control what goes on in my kid's school, get involved in the decisions made by my wife and her physician or to find out how many guns there are in Hackett's gun safe." He paused, looking for a reaction from any wussified, gun-hating Dems in the crowd. Finding none, he seemed lost. He didn't rise to his preferred state of indignation until the question period, when he was asked about Iraq. "The war is over. Bring 'em home. The war on terrorism is a war of

ideas. We have a saying in the Marines: It's easy to be hard and hard to be smart."

Actually, Hackett's campaign is a vivid demonstration of that old Marine saying. His next stop was a meeting of College Democrats at the University of Toledo—earnest young people who seemed omegas to Hackett's very alpha alpha—and he got into their faces early and often. He said gun control was his big difference with Brown, but it was hard to tell: Hackett had

only a vague familiarity with most of the other issues. He was stumped by illegal immigration and came up with a crude prescription: "Send 'em back if we can afford it." In the end, Hackett seemed something new under the sun: a blogger candidate—all attitude, all opinions, very little information.

Sherrod Brown is not exactly a shrinking violet. He is a defiant opponent of free trade and a defender of blue-collar unionism. "Anyone who calls me a demagogue on trade knows about one-tenth as much about trade as I do," he said as we wandered through southern Ohio. I joked that he was more an "ambulatory anachronism" than a demagogue, which occasioned a passionate blast against media élitists like me and a terrific argument about trade. What can I say? We really hit it off. Brown was quite the opposite of Hackett on the stump: he asked people questions about their lives, listened carefully to their answers—and answered their questions, about unsexy issues like the Medicare prescription-drug plan, in detail and with respect. Many of those people were unemployed or about to be. There was a real intimacy with the candidate, whom they called Sherrod. It was the most basic sort of politics—an unintended reproach to political professionals who tend to fall for flashy war heroes, and to flashy war heroes who insult the public by thinking they can run for office without taking the issues seriously in a dead-serious time. ■

Q To see a collection of Klein's recent columns, visit time.com/klein

Can Bin Laden Be Caught?

After a year of silence, al-Qaeda's leader resurfaces. But with his health in question and his inner circle shrinking, the U.S. hopes it may not be for long

By APARISIM GHOSH

THE VOICE WAS MUFFLED, LABORED, weak—as you might expect from a man who has spent the past four years on the run. If it didn't belong to one of the world's most feared men, it would hardly scare a child. Having disappeared from view, sheltering in the mountains of Afghanistan and Pakistan, Osama bin Laden may have lost the ability to send a chill down the world's spine. Governments don't shut down airports or send security forces into red alert. Even when he makes the direst threats, we no longer feel compelled to slow down, much less stop, the course of our daily lives.

But bin Laden's re-emergence last Thursday was still a jolt, coming after a 13-month silence that raised questions about whether the al-Qaeda boss was incapacitated or even dead. The U.S. believes the 10-minute taped message, which aired on the Arab TV channel al-Jazeera, was probably recorded sometime since November, partly because of a reference to British newspaper reports from that time about a purported proposal by President Bush to bomb al-Jazeera. The tape suggested that bin Laden is alive, if not quite well. A longtime bin Laden watcher, French terrorism expert Roland Jacquard, speculates that the decision not to release a videotape may reflect a desire to conceal the deterioration of his physical condition. And

ON THE HUNT
A U.S. soldier on patrol last fall near the Afghanistan-Pakistan border, where the search for bin Laden and his aides is intensifying





HITS AND MISSES

Since 2001, the U.S. and its allies have killed or captured several top al-Qaeda operatives, including the architects of 9/11. But the group's leaders have eluded capture—and a new generation is stepping in



OSAMA BIN LADEN
Saudi

Breaking his silence, the al-Qaeda leader last week offered a "truce" to the U.S.

AT LARGE

The audiotape provides no clues as to his whereabouts



AYMAN AL-ZAWAHIRI
Egyptian

Bin Laden's No. 2 was the intended target of a Jan. 13 missile strike in Pakistan

AT LARGE

Believed to be hiding near the Afghanistan-Pakistan border



ABU ZUBAYDAH
Palestinian

Part of bin Laden's inner circle, he was chief of recruiting and operations

CAPTURED

Caught during a gunfight in Pakistan, March 2002



KHALID SHEIKH MOHAMMED
Kuwaiti

The principal architect of the 9/11 attacks

CAPTURED

Arrested in Rawalpindi, Pakistan, March 2003



OMAR AL-FARUQ
Kuwaiti

A top operative in Southeast Asia; captured in Indonesia in June 2002

AT LARGE

Escaped from Bagram air base, July 2005



ABU MOUSAB AL-ZARQAWI
Jordanian

Al-Qaeda's leader in Iraq; has a \$25 million bounty on his head

AT LARGE

Continues to elude U.S. commandos in Iraq



SAIF AL-ADEL
Egyptian

Bin Laden's security chief, believed to have taken over duties of fallen aides

AT LARGE

Thought to be affiliated with the Egyptian Islamic Jihad



ABDULLAH AHMED ABDULLAH
Egyptian

Serves as the terrorist network's operational planner

AT LARGE

On the FBI's most-wanted list, believed to be in Afghanistan



ABU FARAJ AL-LIBBI
Libyan

Took over as No. 3 in al-Qaeda after Khalid Sheikh Mohammed's arrest

CAPTURED

Arrested in Waziristan, Pakistan, May 2005



RIDWAN ISAMUDDIN
Indonesian

Headed operations in Southeast Asia; planned the 2002 Bali bombing

CAPTURED

Caught in Ayutthaya, Thailand, August 2003

WORLD

if bin Laden's voice sounded more muted than in his last message, in December 2004, so did his rhetoric. He warned of forthcoming attacks on U.S. soil but didn't convey a sense of immediacy. "They are in the planning stages, and you will see them in the heart of your land as soon as the planning is complete," he said. He floated the idea of a cessation of hostilities with America if the U.S. withdraws troops from Iraq and Afghanistan. "We do not mind offering a long-term truce based on just conditions that we will stick to," bin Laden said. The White House didn't bite. "We do not negotiate with terrorists," spokesman Scott McClellan said. "We put them out of business."

That claim, of course, is undermined

every day that bin Laden and his deputy and chief tactician, Ayman al-Zawahiri, remain on the loose. But bin Laden's resurfacing has come at a time when the leadership of al-Qaeda appears to be under as much strain as at any time since the fall of the Taliban in 2001. Antiterrorism experts say the Saudi-born terrorist is no longer in active contact with field commanders, and his ability to plan and direct specific operations is hampered by his isolation. In Iraq, scene of al-Qaeda's deadliest strikes since 9/11, the group's leader, Abu Mousab al-Zarqawi, is fighting battles with some Iraqi insurgent groups who want him dead almost as badly as the U.S. military does (see box). Meanwhile, an intensified U.S. push to hunt down al-Qaeda

leaders has scored a series of apparent successes; just last week Pakistani intelligence officials claimed that a Jan. 13 U.S. air strike on the village of Damadola had killed as many as four senior operatives—although it may have missed its chief target, al-Zawahiri, whose voice was heard on an undated audiotape last Friday. Among some U.S. counterterrorism experts, there was speculation that the release of the bin Laden tape was al-Qaeda's attempt to boost the morale of its foot soldiers amid the run of bad p.r. Says an intelligence official: "The question is, Is this someone's way of changing the topic?"

It might be, but no one is confusing misdirection for surrender. While improved cooperation between the U.S. and Pakistan has



RAMZI BINALSHIBH
Yemeni
Helped plan the 2001 attacks; was a key member of the Hamburg cell

CAPTURED

Captured in Karachi, Pakistan, September 2002



MOHAMMED ATEF
Egyptian

Al-Qaeda's former military commander was responsible for bin Laden's security

KILLED

He died during a U.S. air raid in Afghanistan in November 2001



STRUCK DOWN?

Pakistani officials said last week that the Jan. 13 U.S. air strike on the village of Damadola may have killed as many as four al-Qaeda operatives. Pakistan had previously claimed that the strike, which killed 18 civilians and provoked anti-U.S.



protests, had missed its intended target, Ayman al-Zawahiri, bin Laden's deputy. Among the operatives

believed to have been killed were **ABU KHABAB AL-MASRI**, left, a top bombmaker who ran a terrorist training camp in Afghanistan. Pakistani officials say that the strike also killed **ABU UBAYDA AL-MISRI**, an al-Qaeda commander in Afghanistan, and **ABDUL RAHMAN AL-MAGHREBI**—son-in-law of al-Zawahiri.



RAGE Pakistanis protest last week against U.S. air strikes targeting al-Qaeda leaders

apparently helped the U.S. zero in on bin Laden's lieutenants, credible intelligence on the main target's whereabouts is sketchy at best. Law-enforcement officials say that bin Laden's message aside, there are no signs of heightened al-Qaeda activity in the U.S., but they don't discount the possibility of a terrorist attack. "The threat's still real," says a U.S. intelligence official, "but because of this tape, does that make it any more real than it was before the tape? No." Today, the official says, al-Qaeda is not the same outfit it was on 9/11; it has morphed from a command-and-control organization into a philosophy that has "inspired cells around the world ... It's harder for them to coordinate, but it also makes them very dangerous."

Some terrorism experts believe that the perception that bin Laden is vulnerable may make jihadists more determined to carry out attacks. "I'd be worried over the next 60 to 90 days," says a former FBI counterterrorism official. "I believe if we don't hear from al-Qaeda in the near term, some will paint bin Laden as weakened and unable to deliver on his threat"—a possibility that may motivate terrorists to try to strike soon, to make good on the promises of their leader.

THE REAPPEARANCE OF BIN LADEN CAME AT a moment when U.S. intelligence officials felt pretty good about themselves. Even as the cassette tape was making its way out of bin Laden's secret lair, his pursuers were

sending out signals across the borderlands between Pakistan and Afghanistan, where he may be hiding. In recent weeks U.S. and Pakistani intelligence agencies have stepped up their search for top al-Qaeda leaders, with the skies above the mountains buzzing with spy planes and unmanned Predator drones, and a network of local spies and informants has been scouring the landscape for information. A Pakistani security officer told TIME the CIA has installed sophisticated surveillance equipment in several offices of the ISI, Pakistan's spy agency, to monitor any radio and Internet communications between al-Qaeda and its sympathizers.

The objective is to tighten the net around bin Laden and his deputies. In

December a U.S. guided-missile attack in North Waziristan, based on intelligence from agents on the ground, reportedly killed Hamza Rabia, an Egyptian believed to have been the latest occupant of al-Qaeda's No. 3 spot. Then, in early January, the U.S. and Pakistan seized on the chance to bag even bigger prey. Details of the Damadola operation are beginning to emerge, and they provide a tantalizing glimpse into the intensifying hunt for bin Laden. A Peshawar-based official told TIME that in the past month, Pakistani-intelligence field agents had been tracking two groups of men who had crossed the border from Afghanistan into Bajaur, a small, often restive tribal region that borders Afghanistan's Kunar province. In the days before the attack, the search zoomed in on the group headed for

Damadola; counterterrorist officials believed that some top al-Qaeda figures, including possibly al-Zawahiri himself, might have been in that group. "We knew there were going to be some VIPs, and any of those were worthy" targets, says a U.S. official.

The infiltrators sheltered in a small compound of three houses just outside Damadola. Shortly after 3 a.m. on Jan. 13, locals say, several missiles fired from Predators crashed into the compound, practically obliterating the houses. According to news reports, Pakistani officials initially said it was possible that al-Zawahiri had been killed, then backed away from the claim. Villagers told journalists who arrived at the scene that 18 civilians had died (the number was later revised down to 13); they denied that any bodies had been removed or that any foreigners

had been in the compound. But some Pakistani intelligence officials began telling media outlets last week they believe as many as four leading terrorists, including al-Zawahiri's son-in-law and Abu Khabab al-Masri, a top al-Qaeda bombmaker, died in the strike. The U.S. is still uncertain if DNA was recovered from the scene to allow experts to positively identify any terrorists killed there or how the IDs were made. Pakistani Prime Minister Shaukat Aziz told TIME late last week that so far investigators have recovered only bodies of civilians, "but our security forces are there in large numbers to get the facts. These things just cannot evaporate and disappear, if there is anything."

A Rebel Crack-Up?

How splits among insurgents in Iraq are erupting in violence and putting al-Qaeda on the defensive

By TIM MCGIRK BAGHDAD

EVEN BY THE STANDARDS OF AL-QAEDA in Iraq, the suicide bombing in Ramadi on Jan. 5 was stunning for its audacity. The bomber had blended into the ranks of Iraqi police recruits outside the Ramadi Glass and Ceramics Works before blowing up his explosive vest, loaded with ball bearings for maximum devastation. The blast killed two U.S. service members and more than 70 Iraqi police recruits—but it also turned out to be a deadly miscalculation by the jihadis and their leader, Abu Mousab al-Zarqawi. Most of the victims were local Sunnis, and they were joining the police force under the protection of tribal chieftains who, with the U.S. military's approval, are trying to impose order over their violent swath of Iraq. After the Jan. 5 blast, according to insurgents, tribal chiefs in Ramadi notified al-Qaeda that they were withdrawing protection in the city for the group's fighters. The jihadis responded by gunning down several prominent Sunni clerics and tribal leaders. Now al-Qaeda fighters who once swaggered through Ramadi are marked men. "It's war," says an Iraqi intelligence officer with contacts among the insurgents.

For months, U.S. officials in Iraq have tried to exploit growing differences over tactics and aims among factions of the

insurgency, a push first detailed by TIME in December. Although reports of clashes between Iraqi nationalist groups and religious extremists linked to al-Qaeda remain difficult to quantify, there are signs that at least in some parts of Iraq, the tension is boiling over. Iraqi security sources with contacts in the insurgency told TIME that fighting has erupted in several cities that have long been bastions of the resistance, including Fallujah, Samarra, Latifiya and Mahmoudiya. In one recent incident, according to an Iraqi security source, insurgents wounded a Palestinian member of al-Qaeda, tracked him to a Baghdad hospital and then kidnapped him from his bed and handed him over to U.S. forces. Some Pentagon decision makers believe that the feuding within the insurgency may help U.S. and Iraqi troops quell the terrorist attacks that have made parts of the country ungovernable. "We're starting to see a little bit more every day," says Army Lieut. General Ray Odierno, assistant to the Chairman of the Joint Chiefs of Staff. In places like Ramadi and Fallujah, Odierno says, "we've had some Iraqi insurgents' groups actually put up defenses to protect their people against al-Qaeda forces."

What's behind the rift? Even though some Iraqi insurgent groups have cooperated with jihadist fighters to battle U.S. troops, insurgent leaders say they have



grown sick of al-Qaeda's killing innocent Iraqi Shi'ites, whom al-Zarqawi considers infidels. Cracks in al-Qaeda's alliance with the Iraqi groups became more pronounced after the Dec. 15 election. Al-Zarqawi saw the poll as a detour from his goal of turning Iraq into a base from which al-Qaeda could spread terrorism throughout the Middle East and Europe. Many Sunni resistance groups have a narrower focus: ridding Iraq of all occupation forces—U.S. troops and the pro-Iranian militias that slipped across the border. Sunni politicians managed to convince some key rebel groups that unless the Sunni minority voted, the elections would enhance the power of Kurdish and religious Shi'ite parties, some of which have ties to Iran. (Election results released last week showed that Sunni Arab parties will hold

Although the missile strike provoked a round of protests in Pakistan's tribal areas that forced President Pervez Musharraf to distance his government from the operation, cooperation between the U.S. and Pakistan in the hunt for bin Laden has quietly deepened. A Peshawar-based Pakistani intelligence official speaking on condition of anonymity says Washington has an understanding with Islamabad that allows the U.S. to strike within Pakistan's border regions—providing the Americans have actionable intelligence and especially if the Pakistanis won't or can't take firm action. Pakistan's caveat is that it would formally protest such strikes to deflect domestic criticism. Some

ranking Pakistani officials deny such an agreement exists.

The territory in which bin Laden may be hiding remains forbidding to outsiders. In pockets of Pakistan's borderlands, a resurgent Taliban has begun to impose its extreme brand of Islamic law, including a ban on music and the Internet, and the summary execution of criminals. Some counterterrorism experts, though, are cautiously optimistic that the turmoil in al-Qaeda's high command they hope was caused by the strike in Damadola may force its leaders to expose themselves. "You got to presume that all the al-Qaeda guys are asking each other who got smoked," says a former U.S. intelligence official. "When they stick their heads up to see who got whacked, it presents opportunities."

While the hope of finding al-Qaeda's

bosses anytime soon remains just that—hope—the hunters have shown indications that they may be closer to picking up their targets' scent. A Pakistani intelligence official says Pakistani intelligence agents and CIA drones are searching the mountainsides for the second group that crossed from Afghanistan. In the message delivered last week, bin Laden signaled he would not allow himself to be captured alive. "I swore that I will not die except free, despite the bitter taste of death," he said. On that much, both bin Laden and his pursuers seem to agree: one way or another, his end will come. —*Reported by Timothy J. Burger and Elaine Shannon/Washington, James Graff/Paris, Ghulam Hassan/Bannu, Syed Talat Hussain/Islamabad, Rahimullah Yusufzai/Damadola and Phil Zabrickie/Peshawar*



▲ **INFIGHTERS** Nationalists like these two insurgents have begun battling al-Zarqawi's foreign fighters as well as U.S. troops

▼ **TERRORISM** Iraqis inspect wreckage from a double bombing in Baghdad last week that left 15 people dead and scores wounded



55 seats in the new parliament, up from 17 in the previous one.) Abu Noor al-Iraqi, a leader of the Unified Leadership of Mujahedin, a new amalgam of four nationalist guerrilla outfits, tells TIME that "when al-Zarqawi's group threatened to attack the polling centers, we stood against them."

Since then, the fissures between the nationalists and al-Zarqawi have widened. U.S. political and military officers persuaded some Sunni tribal chiefs to send their youths into the security forces to ensure that Sunnis—not Shi'ite outsiders—would command their cities' police. But in recent meetings with various insurgent groups, says a nationalist field commander near Ramadi, al-Zarqawi's lieutenants made it clear that any Iraqi who joined the security forces was considered the enemy, thus drawing a battle line between the jihadis and their former comrades. In Latifiya, outside Baghdad, al-Zarqawi's fighters pressed Sunnis to desert a mixed Sunni-Shi'ite battalion under U.S. command. When the Sunnis refused, al-Qaeda shelled the camp with mortars. Local insurgents

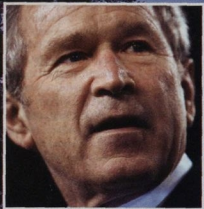
responded by hunting down al-Qaeda's chief for southern Baghdad and killing him and four Syrian fighters.

Al-Zarqawi's men, though, have shown few signs of backing down. In Latifiya last week, al-Qaeda fighters captured and murdered five members of the nationalist Islamic Army in Iraq and assassinated a Sunni colonel. After the backlash in Ramadi, al-Zarqawi's men supposedly retreated into the rocky western deserts but have continued to

target local leaders. A senior security officer says jihadist fighters followed a Ramadi chieftain from the powerful Dulaimi tribe into Baghdad on Wednesday; handcuffed him, a nephew and a senior security officer for the western provinces; and executed each of them with a bullet through the head. In Samarra members of the Alboubaz tribe killed four foreign fighters and drove out 11 others after the assassination of a local police chief. After the tribesmen urged Sunni youths to join the local police, al-Zarqawi got his revenge. The instructors weren't going to make the same mistake they had made in Ramadi by allowing recruits to become an easy target for a suicide bomber, so they had them sign up in Baghdad. But al-Zarqawi's men were tipped off. Al-Qaeda ambushed the Sunnis' bus on the road and kidnapped the recruits. Their bodies have yet to be found.

Such clashes don't spell the end of the insurgency. U.S. officials believe that even if terrorist attacks subsided, many Sunni insurgents would continue attacking U.S. and Iraqi forces if they felt their interests were being shortchanged by a Shi'ite-led government in Baghdad. U.S. Senator Jack Reed, who was briefed on the insurgency during a visit to Iraq earlier this month, cautions against giddiness at reports of a backlash against al-Qaeda. "The center of mass of the insurgency is not the foreign terrorists," the Rhode Island Democrat told TIME. "They're a small band able to create spectacular attacks. But the real long-term danger is the Sunnis continuing to fight." The U.S. is still a long way from persuading them to stop. —*With reporting by Hussain Hamdia/Baghdad and Mark Thompson/Washington*

WHEN GEORGE MET



White House aides deny the President knew lobbyist Abramoff, but unpublished photos shown to TIME suggest there's more to the story



By **ADAM ZAGORIN** and **MIKE ALLEN**

AS DETAILS POURED OUT ABOUT the illegal and unseemly activities of Republican lobbyist Jack Abramoff, White House officials sought to portray the scandal as a Capitol Hill affair with little relevance to them. Peppered for days with questions about Abramoff's visits to the White House, press secretary Scott McClellan said the now disgraced lobbyist had attended two huge holiday receptions and a few "staff-level meetings" that were not worth describing further. "The President does not know him, nor does the President recall ever meeting him," McClellan said.

The President's memory may soon be unhappily refreshed. TIME has seen five photographs of Abramoff and the President that suggest a level of contact between them that Bush's aides have downplayed. While TIME's source refused to provide the pictures for publication, they are likely to

see the light of day eventually because celebrity tabloids are on the prowl for them. And that has been a fear of the Bush team's for the past several months: that a picture of the President with the admitted felon could become the iconic image of direct presidential involvement in a burgeoning corruption scandal—like the shots of President Bill Clinton at White House coffees for campaign contributors in the mid-1990s.

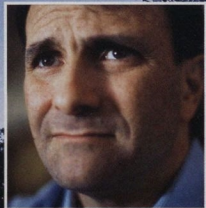
In one shot that TIME saw, Bush appears with Abramoff, several unidentified people and Raul Garza Sr., a Texan Abramoff represented who was then chairman of the Kickapoo Indians, which owned a casino in southern Texas. Garza, who is wearing jeans and a bolo tie in the picture, told TIME that Bush greeted him as "Jefe," or "chief"

in Spanish. Another photo shows Bush shaking hands with Abramoff in front of a window and a blue drape. The shot bears Bush's signature, perhaps made by a machine. Three other photos are of Bush, Abramoff and, in each view, one of the lobbyist's sons (three of his five children are boys). A sixth picture shows several Abramoff children with Bush and House Speaker Dennis Hastert, who is now pushing to



PHOTO OP: Shots place Abramoff with Garza, seen here in 2002, and Bush at the White House

JACK



PIX FIX: Are the photos of Bush and Abramoff just routine ceremonial snaps taken of the President or evidence of a deeper acquaintance?

tighten lobbying laws after declining to do so last year when the scandal was in its early stages.

Most of the pictures have the formal look of photos taken at presidential receptions. The images of Bush, Abramoff and one of his sons appear to be the rapid-fire shots—known in White House parlance as clicks—that the President snaps with top supporters before taking the podium at fund-raising receptions. Over five years, Bush has posed for tens of thousands of such shots—many with people he does not know. Last month 9,500 people attended holiday receptions at the White House, and most went two by two through a line for a photo with the President and the First Lady. The White House is generous about providing copies—in some cases, signed by the President—that become centerpieces for “walls of fame” throughout status-conscious Washington.

Abramoff knew the game. In a 2001 e-mail to a lawyer for tribal leader Lovelorn

Poncho, he crows about an upcoming meeting at the White House that he had arranged for Poncho and says it should be a priceless asset in his client's upcoming re-election campaign as chief of Louisiana's Coushatta Indians. “By all means mention [in the tribal newsletter] that the Chief is being asked to confer with the President and is coming to Washington for this purpose in May,” Abramoff writes. “We'll definitely have a photo from the opportunity, which he can use.” The lawyer had asked about attire, and Abramoff advises, “As to dress, probably suit and tie would work best.”

The e-mail, now part of a wide-ranging federal investigation into lobbying practices and lobbyists' relationships with members of Congress, offers a window into Abramoff's willingness to trade on ties to the White House and to invoke Bush's name to impress clients who were spending tens of millions of dollars on Abramoff's advice.

Abramoff was once in better graces at 1600 Pennsylvania Avenue, having raised at least \$100,000 for the President's re-election campaign. During 2001 and 2002, his support for Republicans and connections to the White House won him invitations to Hanukkah receptions, each attended by 400 to 500 people. McClellan has said Abramoff may have been present at “other widely attended” events. He was also admitted to the White House complex for meetings with several staff members, including one with presidential senior adviser Karl Rove, one of the most coveted invitations in Washington.

Michael Scanlon, who is Abramoff's former partner and has pleaded guilty to conspiring to bribe a Congressman, in 2001 told the *New Times* of Fort Lauderdale, Fla., that Abramoff had “a relationship” with the President. “He doesn't have a bat phone or anything, but if he wanted an appointment, he would have one,” Scanlon said. Nonsense, say others. A former White House official familiar with some Abramoff requests to the White House said Abramoff had some meetings with Administration officials in 2001 and 2002, but he was later frozen out because aides became suspicious of his funding sources and annoyed that the issues he raised did not mesh with their agenda. A top Republican official said it was clear to him that Abramoff couldn't pick up the phone and reach Bush aides because Abramoff had asked the official to serve as an intermediary.

The White House describes the number of Abramoff's meetings with staff members only as “a few,” even though senior Bush aides have precise data about them.

McClellan will not give details, saying he doesn't “get into discussing staff-level meetings.” During a televised briefing, he added, “We're not going to engage in a fishing expedition.” Pressed for particulars about Abramoff's White House contacts, McClellan said with brio, “People are insinuating things based on no evidence whatsoever.” But he said he cannot “say with absolute certainty that [Abramoff] did not have any other visits” apart from those disclosed. Another White House official said, “The decision was made—don't put out any additional information.” That reticence has been eagerly seized upon by some Democrats. Senate minority leader Harry Reid of Nevada wrote to Bush last week to demand details, saying Abramoff “may have had undue and improper influence within your Administration.”

Garza, the bolo-wearing former chairman of the Kickapoo Traditional Tribe of Texas, has fond memories of his session with Bush, which he said was held in 2001 in the Eisenhower Executive Office Building, next to the White House. According to e-mails in the hands of investigators, the meeting was arranged with the help of Abramoff and Grover Norquist, president of Americans for Tax Reform. In an April 18, 2001, e-mail to Abramoff, Norquist wrote that he would be “honored” if Abramoff “could come to the White House meeting.”

Garza—known in his native Kickapoo language as Makateonenodua, or black buffalo—is under federal indictment for allegedly embezzling more than \$300,000 from his tribe. Through his spokesman, Garza said that during the session, Bush talked about policy matters and thanked those present for supporting his agenda, then took questions from the audience of about two dozen people. Garza told *TIME*, “We were very happy that Jack Abramoff helped us to be with the President. Bush was in a very good mood—very upbeat and positive.” No evidence has emerged that the Bush Administration has done anything for the Kickapoo at Abramoff's behest.

Three attendees who spoke to *TIME* recall that Abramoff was present, and three of them say that's where the picture of Bush, Abramoff and the former Kickapoo chairman was taken. The White House has a different description of the event Garza attended. “The President stopped by a meeting with 21 state legislators and two tribal leaders,” spokeswoman Erin Healy said. “Available records show that Mr. Abramoff was not in attendance.” —**With reporting by Massimo Calabresi/Washington**

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Introducing the new



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HEY, BIG SPEND

With the next budget he sends to Congress, Bush wants to remake himself as a fiscal disciplinarian. Will anyone believe him?

By MIKE ALLEN and MATTHEW COOPER

THE WHITE HOUSE'S ROOSEVELT Room is wired for PowerPoint presentations, and most officials also bring handouts when they brief George W. Bush and his inner circle. But Budget Director Josh Bolten, who has spent months walking the President through a problem that could dramatically affect his legacy, sticks to colorful charts on old-fashioned easels. The lights stay on, so nobody dozes off, and there's no paper to wander through. It's dense material, after all. "I keep everyone's attention focused on what I want them to focus on," Bolten said.

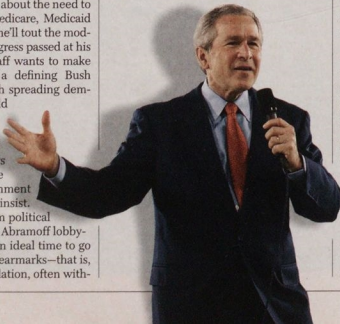
The President will need all the colorful charts he can muster. After five years of tax cuts and massive spending that brought back deficits and ensured that they will continue for years if not decades, Bush plans to use his State of the Union address on Jan. 31 to portray himself as, well, thrifty. He will talk about the need to rein in programs like Medicare, Medicaid and Social Security, and he'll tout the modest budget cuts that Congress passed at his request last year. His staff wants to make "restraining spending" a defining Bush characteristic, along with spreading democracy around the world and prosecuting the war on terrorism.

Why the change of heart? Bush has always shared the conservative aversion to big government programs, his aides insist. There are also short-term political points at stake. The Jack Abramoff lobbying scandal makes this an ideal time to go after what are known as earmarks—that is, spending placed in legislation, often with-

out public review, for specific projects. That pork is a mainstay of the lobbying industry. And there is little money to spend anyway, so Bush might as well retool himself as a fearless budget cop. "Listen, we got a lot of people in Washington who preach fiscal discipline, and then they go on to vote against spending restraint," Bush told the Economic Club of Chicago just after New Year's.

But Bush himself has a huge credibility problem. The \$236 billion Clinton surplus of 2000 has become a \$400 billion annual deficit. Setting aside Social Security, about a quarter of what the government has spent since Bush became

“The best way to solve the deficit is to grow the economy—not run up your taxes.”



President has been borrowed. And estimates from the nonpartisan Congressional Budget Office (CBO) show that if his tax cuts are made permanent—as he is advocating—deficits will persist for at least 10 years.

Even Bush's supporters criticize his lack of fiscal restraint. They look with dismay at figures showing that the federal workforce of about 2.7 million is roughly the same size it was at the beginning of President Bill Clinton's second term. And they point out that Bush has not vetoed a single bill since taking office. "It's hard to veto something from a Congress dominated by your own party," says Murray Weidenbaum, who was chairman of the Council of Economic Advisers under President Ronald Reagan, "but Bush should have been tougher on the spending side. That's been a disappointment."

In Bush's defense, Bolten points to the economy the President inherited. "We ended up in our deficit situation because we had this burst bubble," he said during an interview in his office, which features a Norman Rockwell painting of a runaway train. "Revenues just disappeared, and this was well before the President's tax cuts." But when Bush came into office, the CBO was actually projecting surpluses for years to come, until the tax cuts hit and the deficit started growing. If the tax cuts don't expire, many economists say, the revenue gap will persist.

It's true that the President pushed through some tough budget cuts last year, notably the virtual elimination of popular programs like Clinton's community policing initiatives, which provided money to local government for nontraditional patrols. Bush's plans for 2007 will be slightly tougher still, and the prospect of those cuts has already led some Cabinet Secretaries to push back, hoping to preserve pet programs. A few Secretaries have tried to go behind Bolten's back to undo the potential damage. Instead of sticking to the White House's cumbersome appeals process, which involves meetings with officials of escalating rank, they pleaded for mercy when meeting with

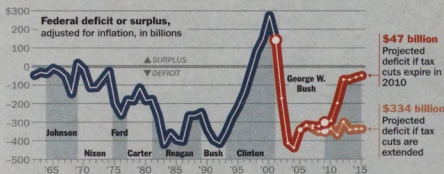
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Bush on other issues. "The President consistently knocked back the end runs," Bolten recalled with relish. "He always outed them to me—usually, if possible, in their presence. He's willing to take some pretty tough political medicine to make the budget come out right, and he's spread that philosophy across the Cabinet, which is very helpful to me."

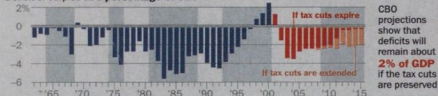
Administration officials said they expect the proposals for cuts and eliminations to be similar to those of last year, when Bush asked for \$16 billion in savings in 154 programs and Congress wound up passing \$6 billion in savings in 89 programs. Bolten said that he "started this conversation with the President toward the end of the summer" and that Bush began by calling for stable or increased funding for priorities like the military. "On the other things, every step along the way, he directed a tight budget," Bolten said. "Toward the middle of the process, I came to him with some areas where we were going to need to take some cuts in programs that are politically popular. In almost every instance, he said, 'Yes, go ahead and do it.' We had in the room the President's legislative, political and communications advisers, some of whom periodically disagreed. But in almost every case, he backed up my recommendation to take a hard line on some of the spending that was not at the top of the priority list."

In his State of the Union speech, Bush is expected to propose no expensive new initiatives and focus instead on midsize ideas like promoting more rigorous education in basic math and science. But he will suggest changes that won't necessarily save the government money—like expanding Health Savings Accounts, which allow individuals to save for health care in tax-free, 401(k)-style accounts. And when you hear about Katrina and the wars in Iraq and Afghanistan, don't assume their final cost figures will be spelled out in the budget Bush is sending to Congress six days after the address. Those will appear in so-called supplemental requests for money, adding further to the deficit.

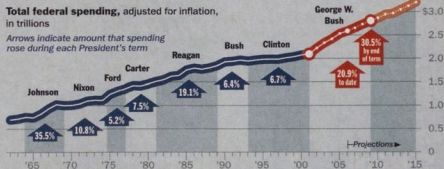
The deficit has exploded under Bush ...



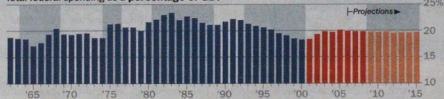
Deficit or surplus as a percentage of GDP



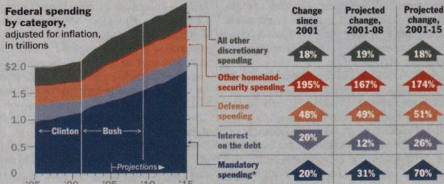
... and spending has increased rapidly ...



Total federal spending as a percentage of GDP



... across the entire government



*Programs such as Social Security, Medicare, Medicaid, veterans' benefits, unemployment, food stamps
Sources: Congressional Budget Office, Bureau of Labor Statistics, Center on Budget and Policy Priorities. All inflation-adjusted figures are 2006 dollars

THE PORK BARREL RUNNETH OVER

This year's federal budget contained 13,997 pork-barrel projects—at a cost of \$27.3 billion, according to Citizens Against Government Waste. Getting Congress to cut back is hard, and Bush has yet to veto a bill. Three projects under fire:



\$600,000

MERRY BERRIES Senator John McCain mocked the spending on cranberry-bog conservation

GOBBLE GOBBLE A turkey-habitat education program was criticized after it was included in a December defense bill



\$242,000

\$100,000



GROUNDHOG DAY Punxsutawney Phil had to make a trip to Washington to defend spending on a rural weather museum

U.S. Comptroller General, there is already some \$40 trillion in unfunded liabilities—promised payments that current revenue streams won't be able to cover—in the Medicare and Social Security systems. Of that, \$8 trillion comes from Bush's prescription-drug plan alone—a figure that is equal to all the national debt that has been accumulating since the time of George Washington.

But Bush never promised the U.S. another Ronald Reagan. That President went to Washington declaring that government was the problem and vowing to do away with whole agencies. Bush pointedly never called for eliminating traditional conservative targets like the Department of Education. "Those efforts typically aren't successful, and they weren't at the core of animating this President's view of conservatism," Bolton said. Instead, Bush's "compassionate conservative" philosophy called for more limited but still robust government, including creating an office for faith-based initiatives and backing the No

Child Left Behind law.

When Reagan and President George H.W. Bush saw their deficits spinning out of control, they both raised taxes. But this President has adamantly refused to rescind any of his tax cuts. He wants to make permanent many cuts that are due to expire—such as the estate tax and the 15% rate on capital gains.

Democrats and many economists feel that that's a guarantee of more deficits. But Bush insists

that failure to extend tax cuts—which he calls a tax increase—won't cure the deficit because it will slow down a fragile economy. "In my judgment," Bush told a crowd of business people at a moving-van lot in northern Virginia last week, "the best way to solve the deficit is to grow the economy—not run up your taxes." But the reality is that with the help of his tax cuts, Bush has already piled on more than a trillion dollars to the national debt.

Prodded by congressional Republicans, Clinton gave the nation diminishing deficits and even a surplus. That allowed Bush, then the Texas Governor, to call for deep tax cuts, with the signature campaign line that "it's the people's money." But he knew the danger. Announcing his tax-cutting plan to the Greater Des Moines Chamber of Commerce in 1999, he warned, "What is risky is when politicians are given charge of a surplus." —With reporting by

Jeremy Caplan

Yet Bush hopes to earn his credentials as a fiscal disciplinarian when he talks about the long-term challenges posed by the exploding cost of entitlement programs, which together take up half the budget and are immune to White House or congressional tinkering. He wants to use his remaining years in office to persuade Congress to make transformational, money-saving changes in those programs, especially Medicare.

"We need to cut the rate of growth of those programs," Bolton said. No amount of tax increases or spending cuts in the regular budget would be enough to cover the looming costs of baby-boomer retirees, he said. "Medicare must be put on a path toward a more market-oriented system," Bolton said. "We're ultimately

going to have to look at whether the system needs to be more means-tested," referring to differences in benefits depending on income.

Leon Panetta, a Democrat who was Budget Director under Clinton and is a former chairman of the House Budget Committee, chuckled when he heard about Bush's plan to project an image of restraint. "What the hell's he using for numbers to map that out?" Panetta asked over the phone from Seaside, Calif., where he runs the Panetta Institute, a nonpartisan center for the study of public policy. "He has put us in a deep hole that's going to be very tough to get out of."

The federal debt has risen from \$5.7 trillion when Bush took office to more than \$8 trillion today. According to the

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B U S I N E S S

CAN THIS MAN SAVE THE AMERICAN AUTO INDUSTRY?

**PART REBEL, PART PRINCE, BILL FORD
BELIEVES A GREEN REVOLUTION CAN FIX
HIS FAMILY'S TROUBLED COMPANY. BUT
CAN HE MAKE CARS YOU'LL CRAVE?**

By **DORINDA ELLIOTT** DETROIT

IN A MAKESHIFT BALLROOM AT FORD FIELD, THE DETROIT Lions' stadium, a Beatles tribute band is playing *I Want to Hold Your Hand*, which has got the elite of Motor City moving and shaking, but not the hosts of the black-tie charity ball, William Clay Ford Jr. and his wife Lisa. In fact, the 48-year-old CEO of Ford Motor Co. is getting teased by his brother-in-law about his ineptitude on the dance floor. Turning to a reporter, Bill owns up to it. "You don't want to see that," the Ford scion says with a laugh. But he gets serious when the topic turns to his day job and what lies just around the corner for his employees: a sweeping restructuring that will bring tens of thousands of layoffs. "Honestly, I don't worry about myself," he says. "I mean, I can screw up my life, and it doesn't really matter"—a fair observation for a man who is an heir to a billion-dollar fortune. "But what I worry about is the impact all of this has on others. We're going to do what we have to do, but it's just very, very sad."

Why did Bill Ford, great-grandson of the auto company's founder, take on this responsibility when he could have left it to

LEGACY

The great-grandson of Henry Ford needs to re-create the founder's inventiveness

PHOTOGRAPH FOR TIME
BY MATTHEW GILSON





DRIVING TOWARD A SNAZZIER STYLE

Profits may be scarce in Detroit, but it's a bountiful time in design, judging by the new products for the 2007 model-year. Carmakers plan to launch more than 60 vehicles, starting next month, swelling auto malls with all manner of compacts, coupes, wagons, minivans, muscle cars and SUVs. For manufacturers, producing a car that stands out is getting tougher every year. And as Ford and GM are painfully aware, if your metal doesn't shine in the style department—and you can't beat your rivals on performance or reliability—all you can offer is a cut-rate deal, a path to financial ruin. What's a carmaker to do?

At Ford, the road map looks like this: assemble a squad of ace designers. Put the engineers, bean counters and marketers in the backseat. Wait for the artists to produce gorgeous metal and interiors. Then pray the company can execute.

Ford's design team is stacked with talent and has only got stronger lately. Two highly regarded Brits, Peter Horbury and Martin Smith, are in charge of design for Ford's North American and European divisions, and last year Ford lured a hot hand from Chrysler, Freeman Thomas. At Chrysler, he sketched the initial concept for the 300 sedan, one of Chrysler's biggest hits in a



SKETCH MEN: Designers Mays, left, and Horbury want to liven up Ford cars

decade. At Ford, Thomas has already won praise for a concept car, the Reflex, featuring solar panels, butterfly doors and internal insulation made of recycled Nike shoes. "Bill [Ford] has come out and said, 'We're going to do more compelling and emotional design,'" and he's sent that message internally," says J Mays, group vice president of design. "That's taken the shackles off and allows us to do product we prob-

ably wouldn't have been allowed to do five years ago." Among those bolder models: the 2006 Fusion sedan and the 2007 Edge crossover vehicle, due out later this year.

Ford designers could use an unshackling. Aside from a few critically acclaimed hits, such as the new Mustang and GT sports car, the fleet is clogged with bland wheels. Car critics panned Mays for the 2005 launch of the Ford Five Hundred, a middle-market sedan with all the élan of Wonder Bread.

Ford's revival of the legendary Thunderbird, in 2001, flopped so badly that production was suspended last year. Geriatric wonders like the Grand Marquis and Town Car still roll out of Mercury and Lincoln plants, headed mainly for corporate fleets. Only Mazda, which Ford controls, appears to be reliably cranking out critically lauded models, from the compact Mazda 3 to the MX-5 roadster. In view of the warm reception for the CX-7, a crossover

vehicle unveiled at the Detroit auto show, Mazda has another hit.

Ford is rediscovering the power of car design after a long period in which boxy SUVs and pickups dominated the lineup. In the five years prior to 2003, Ford launched just one all-new car in North America, the Focus, which was designed and engineered in Europe. Now it's all about cars—even in pickup design. Ford's latest concept truck, the F-250 Super Chief, was created with the comforts of a car in mind; the rear seats were "inspired by spacious club chairs," the company says.

Across the fleet, Ford is putting more faith in designers, says Mays. Hits like the Mustang persuaded top management to give designers more authority over a model's proportions, and there appears to be less bureaucratic meddling. Thomas, who heads design studios in California and Michigan, says he can negotiate vehicle dimensions directly with his counterpart in advanced engineering, eliminating middlemen in marketing, say, who might nibble away at a strong vision. "The only thing that's going to separate our company from the rest is great design," says Mays. Investors just hope Ford can turn those sketches into sales. —By Daren Fonda. Reported by Joseph R. Szczesny/Detroit



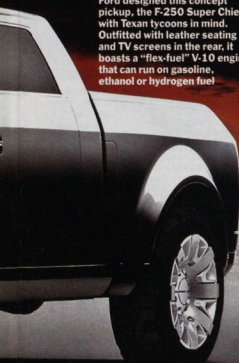
HIP REFLEX

The Reflex concept car features lightweight mesh seats, solar-powered headlights, insulation made of scrap Nike shoes and a hybrid diesel engine. It speaks to Bill Ford's mantra that going green can be cool



SUPER PICKUP

Ford designed this concept pickup, the F-250 Super Chief, with Texan tycoons in mind. Outfitted with leather seating and TV screens in the rear, it boasts a "flex-fuel" V-10 engine that can run on gasoline, ethanol or hydrogen fuel



BUSINESS

hired professionals? It helps to understand that he is a man of epic contradictions. His family practically invented the auto industry, not to mention blue-collar consumerism. Brilliant, cantankerous Henry Ford made the first mass-produced car, the Model T, and paid workers enough so they could afford to buy one. That makes great-grandson Bill industrial royalty: he comes from a competitive, dynastic clan that cannot be separated from the nameplate on your Mustang. But he also has a complex, even squishy side; he's a passionate environmentalist who has studied Buddhist philosophy and thinks a lot about the future of the world.

So while he worries about his employees, Ford Motor's boss believes—belatedly, perhaps—that nothing short of a cultural revolution will save the family firm, which, like General Motors, seems to have all but lost a 30-year war with Toyota and other foreign companies for dominance of the U.S. auto market. This week he is unveiling a plan, which he calls the "Way Forward," a last-ditch effort to save the company by taking some big chances. Ford has surrendered market share in the U.S. but figures that a smaller, more innovative company can stir more passion among its customers.

He wants to blow up the company's hierarchical traditions, trim the ranks of bureaucrats and encourage a climate of risk taking. He will go out on a limb with bolder car designs (in fact, one new model is called the Edge). And he will gamble that saving the planet from the car industry is the biggest long-term priority of all, so he will pour billions of dollars into eco-friendly factories and cars. Most notably, the company will dramatically increase production of its hybrid gas-electric models, promising to produce 250,000 a year by 2010, a tenfold increase from last year's output. "The old

way of doing things doesn't work," Ford says. "Is [this] risky? Of course it's risky. But I tell you what: Going the way we were going is the highest risk of all."

The company's new drive for innovation includes a painful restructuring plan—closing perhaps as many as 10 of 43 plants with some 25,000 job cuts out of a total of 123,000 in North America. The cutbacks are designed to halt the company's losses on its domestic auto operations—\$1.2 billion in just the third quarter of 2005—and shore up a credit rating that began to deteriorate last year to junk-bond status. Turning that around while pursuing his philosophical imperatives will be a fancy juggling act. Previous CEOs have repeatedly tried to reinvent the company without enduring success. The difference this time is that there might not be a next time.

When Ford became chairman seven years ago and CEO two years later—the first family member to run the outfit in 19 years—plenty of critics said that any guy named Ford, especially a granola-crunching one, was a bad choice for the job. A lot of people still think so. "Any insider is the wrong person to fix a Ford or a GM," argues a hedge-fund executive who is shorting Ford stock. "Insiders have too much of a connection to the status quo and the legacy of the company to make the tough decisions that are needed." Executives humored him but cringed when he announced he wanted to make his company environmentally friendly, long before Toyota's hybrid Prius became a household name. "I think that I was perceived perhaps as a Bolshevik early on," says Ford. Other comparisons were not so kind.

As his company's fortunes have fallen, Ford has wrestled with everyone from Wall Street analysts to his own board members, who have pushed him to move faster to

slash costs and employees. "They said, 'Just cut it away,'" he says. "But I said, 'I don't want to do that. I mean, I've got to live with these people. And you can cut and cut away a company, but at the end, what are you left with?' I want to find a different way."

The clock is ticking for the Americans, however, and here's why: Detroit loses money on passenger cars. (Trucks have always been profitable.) The problem was a long time coming, as Japanese and later Korean automakers scored annual gains in quality, profitability and market share. But U.S. automakers were lulled into complacency in the 1990s by the supereize profits of their suvs (light trucks, technically), which just a decade ago earned profit margins as

high as 25%. Ford was an innovator with its Explorer model and just kept making them bigger. Meanwhile, the Japanese started making good suvs too, and the competition made the profit margins shrink. When the price of gas soared, suv sales tanked, and the U.S. companies were caught without money spinners. Ford stopped making the four-ton Excursion, which had been criticized as a gas-hungry dreadnought. GM's solution, "employee pricing" for everyone, gave away the store. Ford had to match it.

Although Ford Motor's new plan will hack costs, Bill Ford knows the real question is whether his company can produce cars that have the quality, style and value that drivers want. The biggest challenge is "to restore a sense of confidence, both externally and internally, in the company," he says.

Despite an emotional new ad campaign that stresses innovation, the turnaround is complicated. Brands like Toyota have better reputations; their cars resell for as much as \$2,500 more than American cars, according to Ronald Tadross, auto analyst with Banc of America Securities. "Ford has a revenue problem, not a cost problem. Their products just can't command enough value in the market," he says. Total sales were \$164 billion in 2003; estimates for '06 are around \$150 billion. Ford Motor hopes several new midsize cars with crisp styling and peppy engines—the Ford Fusion, the Mercury Milan and the Lincoln Zephyr—will help. Sales for all three have increased more than 30% each month since their October release.

Will the new designs be enough to stop the rot? Ford Motor's share of the U.S. auto

BORN IN THE U.S.A.

◀ 1903 Henry Ford launches the Ford Motor Co. with about \$30,000 in cash after the failure of his Detroit Automobile Co.



1904 In skunk works on the third floor of the Piquette Avenue plant, Ford and his engineers experiment with lighter-weight materials that allow the company to mass-produce cars

▲ 1908 Named for its engine, Ford's Model T puts America on wheels as the first mass-produced car; Ford builds more than 15 million over 19 years



1914 Ford introduces the \$5-a-day wage at a new factory in Highland Park, Mich.

▼ 1917 Ford begins 11 years of construction of the Rouge complex in Dearborn, Mich., which becomes an icon of American

industry, an ore-to-assembly, completely vertical enterprise

▲ 1927 To replace the Model T, Ford launches the second Model A. (The original was built in 1903.) The company sells 4 million of them

1920s Ford dominates automobile production, with 55% of output in 1921 and nearly 65% in 1924. But by 1931, General Motors eclipses a flailing Ford to become the world's largest automaker



▲ 1930s Auto sales drop; labor unrest rises, as does the U.A.W.; Congress passes labor-relations laws as part of the New Deal

1937 Years of resisting union efforts come to a head at the Battle of the Overpass. In 1941 the U.A.W. organizes Ford



▲ 1940s In the U.S., Ford factories, including its famed Willow Run plant, churn out tanks, cannons and planes for the war effort

▼ 1945 Henry Ford II becomes president of Ford Motor



and truck market has been steadily declining, from 24.1% in 2000 to 17.4% last year, while GM's shrank from 28.3% to 26.2%. To put that into perspective, Ford last year made 3.15 million vehicles, although it has the infrastructure to make 3.9 million, by Harbour Consulting's calculations. That kind of capacity utilization—79%—is hideously inefficient. The company's stock price has fallen 39% in a year—wiping out more than \$10 billion in shareholder value.

Some Ford dealers complain that even its new models, like the Ford Fusion and the Mercury Milan, are still too similar. "We'd like to see more differentiation in the sheet metal, not just the inside creature comforts or the taillights," says Robert Thibodeau, owner of a major Detroit Ford dealership. Toyota, by contrast, has produced suvs

MERCURY MARINER

Demand for its Escape prompted Ford to launch the Mariner hybrid a year early; the SUV had been planned as a 2007 model



and the luxury Lexus—two totally different vehicles—even though they are built on the same platform. Some analysts argue that Ford should get rid of one of its brands, such as Mercury, and narrow its product line. The company's drab minivans may be dropped.

Ford Motor is in much better shape than GM, in part because it is smaller by about one-third in the U.S. While GM is awash in

red ink, Ford Motor overall is still profitable, thanks to trucks like the F-150 and its finance and global business, which includes Mazda, Volvo and Land Rover. (Another brand, Jaguar, is losing money.) On the cost side, the U.S. carmakers are dragged down by the huge burden of benefits for retired workers, such as health care, which account for \$930 of the cost of each of GM's vehicles, \$560 of

1950	1960	1970	1980	1990	2000
 <p>▲ 1956 Ford goes public, but the founding family maintains control with class-B shares that carry disproportionate voting power</p> 	<p>▲ 1964 Mustang is a hit, a sports car for Everyman, with options that added to profits</p> 	<p>1970s The Pinto's infamous fuel-system defects and the oil crisis are setbacks for Ford</p> 	<p>▼ 1986 A design icon, the Taurus reinvents the car and sets the standard for aerodynamic exteriors; other automakers follow suit</p> 	<p>▼ 1999 Jacques Nasser becomes CEO with a mandate to shake things up; Bill Ford is named chairman</p> 	
<p>▲ 1958 The Ford Edsel is a famous \$400 million flop, its failure blamed on its name, styling and launch timing</p> 	<p>▲ 1960 Robert McNamara is named president; he leaves for a job as Kennedy's Defense Secretary</p> 	<p>1978 Lee Iacocca, the mind behind Mustang, clashes with Henry II and is fired, then becomes Chrysler's CEO</p> 	<p>1987 Henry Ford II dies, and William Clay (Bill) Ford Jr. joins the board of directors in 1988</p> 	<p>▼ 2000 Firestone tires on Ford Explorers are blamed for rollovers and deaths</p> 	
<p>restructuring rolls the firm; costs from the Explorer mess lead to losses of \$5.5 billion</p>					
<p>2002 Bill Ford vows to make Ford greener. The company returns to profitability but continues to lose share</p>					

Ford's and only \$110 of Toyota's—putting the Americans at a severe disadvantage. Ford loses \$258 for every car it produces, compared with Toyota's profit of \$1,698 per vehicle, according to Banc of America Securities.

The staging ground for Ford's innovation revolution is the top-secret Piquette Project. Unknown by all but the very top-level Ford executives, the program is aimed at nothing short of reinventing Detroit. It's named after the third-floor Piquette plant skunk works where Henry Ford and a group of engineers first developed the idea of the assembly line and experimented with lighter materials to create a car that could be mass-produced. The specific goals and the deadlines of the Piquette project are secret. But company officials say it harks back to Henry Ford's innovative experiments with soy-based polymers and the idea of agriculture and industry being closely linked. "The mission was, 'Could Ford design the Model T of the next century?'" says William McDonough, an expert on green architecture who is running the sustainability part of the project, involving recyclable and biodegradable materials.

The CEO thinks the attitude within the project will be contagious for the whole company. "Piquette helps institutionalize innovation," Ford says. For the most part it exists virtually, through e-mailed sketches, proposals and blue-sky ideas. A team of designers, engineers and manufacturing gurus is brainstorming everything from how to make a business plan to how production should be organized to how to employ biodegradable materials. The ultimate goal: a recycled, reusable car.

Business consultants would call that a

FORD EDGE

It's a SUV, crossover utility vehicle, a practical car with sports-car styling and lots of oomph under the hood



"stretch" goal, a worthy target yet one that seems beyond a firm's capabilities. And maybe too dreamy for a company that needs to do the basics better? "I don't buy the criticism out there," says Anne Stevens, chief operating officer of Ford's troubled domestic business. "For all the reasons they say Bill's not the man for the job, I say he's the right one. At so many companies decisions are driven by quarterly results. Here we're making decisions that are about the next 100 years. How many CEOs in America are like that?"

Others have tried to change the company and failed. The last CEO, Jacques Nasser, once considered a hero, shook things up with tough performance evaluations and a hyper-aggressive management style that alienated workers, dealers and suppliers. He also diversified the company into noncore businesses such as Internet ventures and a repair-shop chain while going on an acquisition spree of luxury brands. After Bill Ford fired Nasser and stepped into the CEO job, his gentler approach was a relief, yet some

industry executives are skeptical. "So far, the company's driving him," says Gerald Meyers, former CEO of the defunct American Motor Co. and an expert in crisis management. "He needs to say, 'This is not about the past, this

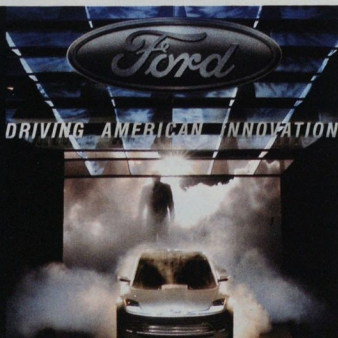
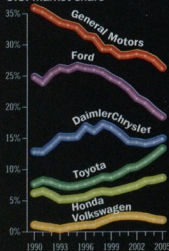
is about the future—we need some shock and awe.' Is Bill Ford prepared to do that? I don't see it so far." Counters Mark Fields, president of Ford's Americas division, who put together the restructuring plan for North America: "You don't have to be a tyrant to be tough." Certainly, anyone willing to ax 30,000 jobs is no pushover.

Corporate cultures are notoriously change resistant, and this is not just any corporation. The company ethos is steeped in the history of the Ford family. Henry was a compulsive innovator, although not a particularly good manager. Bill inherited the independent mind and high expectations of his great-grandfather. As a student at Princeton, he wrote a senior thesis titled "Henry Ford and Labor: A Reappraisal." Today the culture needs a lot more of its founder's inexhaustible curiosity than it does its later devotion to spreadsheets. "Bill is the first Ford since Henry Ford to have the ability to operate mentally with no boxes," says Douglas Brinkley, a historian who wrote *Wheels for the World*, about Ford Motor. "He is wide open to possibilities, and that's the same way Henry was."

SHOWTIME

The Ford Reflex made its Detroit debut this month. The company needs hits to arrest falling market share

DETROIT'S DOWNER



DETROIT

To get a sense of how plodding Ford Motor can be, talk to Vance Zanardelli, whose windowless office is tucked away in the Research and Innovation Center. Zanardelli, who is working on cutting-edge hydrogen research, has experienced firsthand Ford's roadblocks—and how the new leadership is trying to remove them. When his team unveiled the prototype it had developed for a hydrogen-powered internal-combustion car to top Ford executives in 2001, "Bill just loved it," Zanardelli says. "Everyone else raised all the reasons it wouldn't work." Despite the boss's enthusiasm, Zanardelli ran into budgetary problems and decided to go around the bureaucrats standing in the way. When he got an unexpected call from the human-resources department, he figured he was going to be fired for insurrection. Instead, Joe Laymon, group vice president of human resources,



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"MY GOAL IS TO FIGHT TOYOTA..."

Bill Ford is so committed to the environment that his office is decorated with biodegradable curtains and carpets. He sits at his uncle Edsel's old desk, near a photo of himself breaking boards to earn a black belt in Taekwondo. His favorite car: Mustang. He recently spoke with TIME's Dorinda Elliott and Joseph Szczesny. Excerpts:



WHAT IS YOUR BIGGEST CHALLENGE?

To restore a sense of confidence, externally and internally, in the company.

HOW DO YOU CHANGE YOUR CORPORATE CULTURE?

Interestingly, this doesn't require a tremendous amount of change to our culture. Innovation is going to be the driving force of this company going forward. But the good news is, that is very much the history and the culture of this company, all the way back to the Model T and the assembly line.

WHEN YOU TOOK OVER AS CHAIRMAN, NOT EVERYBODY LIKED YOUR IDEAS.

It was hard to get alignment within the company. It was the system that had developed over many years and the people who were running various departments. It was perceived perhaps as a bit of a Bolshevik early on.

NAIVE WAS ONE OF THE WORDS. Well, yes. Let's see who's naive now. But when you have a company that grows up over 100 years, there are a lot of strengths that come with that, but there's a lot of baggage too, including a propensity to look backward more than look forward. We're very proud of our history, but it can't be what defines us going forward.

DOES BEING HENRY FORD'S GREAT-GRANDSON MAKE CHANGE EASIER?

Perhaps there is something to that. This is a long-term path we're on. I'll be around here for probably the rest of my life. I may not always be CEO. But I'm not leaving the Ford Motor Company. I care deeply about what this place looks like in 20 to 30 years.

CAN YOU SAVE THE COMPANY ON YOUR OWN?

Absolutely not. If you look at the big issues that face our industry—whether it is health care, global warming, energy dependence, pensions—the problem I have is, each one of those issues requires both tremendous national [and] international cooperation. There's no way any one company can provide answers to any of them unilaterally.

DO YOU HAVE TO REINVENT THE RELATIONSHIP WITH AMERICAN LABOR?

We are at a pivotal point.

HOW CAN WORKERS CONTINUE TO MAKE \$65 AN HOUR WHEN THE CHINESE ARE DOING IT FOR \$2 AN HOUR?

There's an opportunity in this country for high-value, high-intellectual-content work to be done. I think of things like hybrids and the next generation of hybrid systems and transmissions. But there's no question that for other parts of the work stream, it's going to become much more difficult to be a player in this country.

DO YOU HAVE TIME TO CATCH UP?

We don't have a lot of time, but we're changing on the run. We've done it before, and we will do it this time.

ISN'T TOYOTA GOING TO RULE THE WORLD? No! My goal is to fight Toyota and everybody else and come out on top. I'm not ceding anything to Toyota. They're an excellent company, and they're a terrific competitor, but I look forward to taking them on.

YOU DON'T COME ACROSS AS RUTHLESS.

It's important to separate my demeanor from my determination. All along the way, I could have chosen to do something else. We're taking very tough actions that I wish I didn't have to take, but I'll take them knowing that it's going to make us a better company. If it ever gets to the point where I have to eliminate my humanity from the job, then I'll have a real problem.

LINCOLN ZEPHYR

Easily the market leader in dowliness, Lincoln is trying to go sleeker and younger with this \$30,000 entry-level luxury car



BUSINESS

urged him to "be bold and do the right thing"—encouraging his maverick behavior. "There was a fear of failure," says Laymon, of the cultural legacy. "We need to instill in people that it's O.K. to fall off the bike."

Coming up with exciting designs will be crucial to Ford's success. Until recently, with the exception of a new Mustang, an instant hit, Ford has failed to produce cars that have energized the market. Peter Horbury, the company's director of design and Volvo's former design chief, whom Ford brought to Detroit in 2004, was stunned by Ford Motor's rulebound ways. "I told the designers to just get on with what they were doing," he says, "and they looked at me terrified, like, 'What does that mean?'" The designers were so used to following orders that Horbury needed first to develop with them a basic company design language before encouraging them to use it to become more innovative. "I think we're getting it now," says Horbury. As an example of the new thinking, he points to the Fusion, a sporty, affordable midsize sedan that Ford hopes will compete with the Toyota Camry, a perennial top seller that also boasts a new design.

In creating a management team for his new vision, Ford deliberately chose executives who have either come from other companies or spent time at divisions overseas, where they developed fresh perspectives. Fields, a baby-faced former sales and marketing guy with a smooth, confident touch, returned to Detroit in September after 10 years overseas, where he turned around Mazda in a difficult Japanese environment and then took on troubles at Ford in Europe, which is now profitable. "[Ford] has given me and my management team [the leeway] to turn the ship around," says Fields. "But he expects us to deliver—and told us that." Anne Stevens, who heads manufacturing in North America, is a tough-talking engineer from New Jersey ("You got a problem with that?" she says with a laugh) whose style contrasts notably with Ford Motor's mild-mannered Midwestern culture. Fields and

Stevens, often referred to as Mark and Anne in the same breath, are the people Bill will rely on to steer the turnaround.

Bill Ford was never particularly comfortable with his country-club world, anyway. His father William Clay Ford, brother of longtime chairman Henry II, chaired Ford Motor's finance committee and bought the Detroit Lions. His mother Martha Parke Firestone (yes, that Firestone) was already an auto blueblood. Although educated at the elite institutions of Hotchkiss and Princeton, Bill was especially interested in labor and what working people do. His passions tended toward sports, American history and the environment. His parents hoped he would not grow up a snob, and his mother drove him across town to play hockey in a working-class league instead of in the fancier Grosse Pointe, where he grew up. He still plays twice a week—right wing—in a competitive league.

Even playing cards or games at home was practically a contact sport. "It was always kind of 'last man standing' stuff," says Sheila, his older sister by five years. "Being the only boy, Billy didn't want to get beaten by his dumb sister, and I certainly didn't want to get beaten by my dorky brother." Being into sports, says Sheila, who played on the tennis team at Yale, taught the young Fords a sense of meritocracy. "It didn't matter who you were," she says. "You either played well or you didn't."

Nor did Ford always assume he would work for the family firm. "He was a bit of a

Some environmentalists challenge him for producing huge, smog-spewing trucks. Ford counters that his job is to make the company as environmentally sound as possible while making a profit. The new F-250 Super Chief concept truck, unveiled at the Detroit Auto Show in January, epitomizes the company's dual mission: the gigantic, superdeluxe truck is equipped with everything big, including brown leather club chairs and flat-screen TVs. The surprise is that it is designed to run on any one of three fuels: hydrogen, a mixture of 85% ethyl alcohol or gasoline.

Among workers, Ford's sincerity has won him loyalty. When an explosion ripped through the Rouge plant in 1999, he ignored warnings not to get involved and rushed to the site. He gave cash and a credit card to an aide, instructing him to get to the hospital and cover all expenses. Over the following days, he attended funerals and stayed close to the family members. "That was something you don't see from most CEOs," says Walter (Jeff) Washington, president of Local 900 of the United Auto Workers. "It really touched people."

Ford Motor's efforts to cut costs, go green and produce more exciting cars can already be found in some of its 2007 models. But by one measure, Ford is still heading in the wrong direction. Last week Moody's downgraded Ford's debt to a lower "junk" rating, saying it's unlikely the company will be willing to stop the slide in market share. Still, says childhood friend Mark Higbie: "Bill has picked his horse, and he's going



FORD FUSION

The midsize Fusion, due on showroom floors late this year, is praised for its style and nimble driving personality. It could be the winner Ford needs in the car sector

like just another overstressed working parent. He leans forward in his shirtsleeves and launches into an impassioned conversation about kids, the struggle to balance work and family, how to plan vacations with four children's conflicting school schedules and the exhausting demands of Saturdays, running from basketball games to other activities from dawn until dusk. "It's insane, isn't it?" he says. But despite Ford's light touch, there is a sense of destiny in the air these days at his company. "This is a great American story, and the last chapter has not yet been written," says Steven Hamp, Ford's brother-in-law and chief of staff. "The outcome matters not just to our company but to our country. It's time to get inspired, strap on our guns and kick some butt."

Bill Ford has an even bigger legacy in mind. He wants Ford Motor to lead in alternative-fuel technologies, proving his belief that you can make profits and do good at the same time. If he succeeds—and the odds aren't necessarily in his favor—Ford Motor could help save the U.S.'s man-

"BILL COULD GO DOWN AS A TRULY HISTORIC FIGURE, OR HE COULD JUST BE A GUY WHO WATCHED OVER THE COLLAPSE OF A FAMILY COMPANY."

rebel as a young man," says Robert Kreipke, in-house corporate historian. "There was a bit of the 'corporations are the bad guys' thing. He wrestled with that. But in the end, he thought he could maybe change things from the inside." He has worked all over the company, from the assembly line to the labor-relations department to running Ford's Switzerland operation. When he became chairman, Ford pushed two projects that have since become important signs of where the company is heading: he rebuilt the Rouge plant, which now has a roof of green grass, skylights and a program that turns polluting paint fumes into hydrogen fuel cells, and produced the Escape Hybrid, the first SUV hybrid to hit the market.

The skeptics still call Ford a hypocrite.

to ride it until it crosses the finish line."

For now, Bill the boss has the support of his family, which controls 40% of the company's voting shares, worth about \$1.2 billion. If there is friction, it may lie in the rivalry between Ford and his cousin Edsel, the son of Henry II, who lost out in the race for the chairman's job after a lengthy competition. Edsel, who is chairman of the Salvation Army, has said he backs Bill. Edsel's wife Cynthia says, "It's frustrating that they talk about this 'thing' with Edsel because it couldn't be farther from the truth. The family totally supports Bill. Plus, he's doing a great job for now." But those last two words may be telling.

And yet, squeezing a tea bag between his fingers as he talks, Bill Ford can sound

manufacturing base. "Bill could go down as a truly historic American figure, like his great-grandfather," says Brinkley, "or he could just be a guy who watched over the collapse of a family company."

Ford certainly doesn't talk like a guy who is about to become history's roadkill. "My goal is to fight Toyota and everybody else and come out on top," he says. Eventually Ford hopes to engage Washington—and the country—in a broad dialogue about such urgent issues as energy policy, health care and the future of manufacturing. "Sure I'd like to play a role," he says. "But it doesn't do much good for me to be out trying to solve national and world issues if we're not fixing ourselves." That, of course, would be Job 1.

—With reporting by Joseph R. Szczesny/Detroit



The Bank That Ate the World

After a huge expansion in mature markets,
HSBC is speeding efforts to tap
the pocketbooks of the new élite developing
throughout the globe

BY MICHAEL SCHUMAN HONG KONG

SCOTSMAN THOMAS SUTHERLAND, A MANAGER AT A SHIPPING company, wisely recognized the profits to be had in the burgeoning trade in a developing market like China. The bank he helped start, Hongkong and Shanghai, now called HSBC, became one of China's top financial institutions within just a few years of its founding. That was in 1865.

Today history is going full circle. The London-based megabank—the world's second largest bank by market value in

mid-January—is returning to its roots. China, the world's fastest-growing economy, is the hottest market in global finance, sending international banks on a mad scramble for acquisitions and customers.

And HSBC is sitting pretty. It boasts the most extensive branch network of any foreign bank on the mainland, with 20 outlets spread from Chengdu in the far west to Tianjin on the northeast coast. The bank has invested more than \$4 billion since 2001 to buy stakes in Chinese financial institutions, including nearly 20% in both Bank of Communications, China's fifth largest bank, and Ping An Insurance, its second biggest life insurer. Compared with the same period in 2004, pretax profits in China increased six-fold, to \$161 million, in the first half of 2005. As a sign of its renewed influence in the Middle Kingdom, the bank resides today in a new skyscraper called HSBC Tower in Shanghai's up-and-coming financial district of Pudong, across the Huangpu River from the bank's old, domed office on the Bund. "We've been here 140 years, and we'll be here another 140 years, at least," says Richard Yorke, CEO of HSBC in China.

Despite its history, HSBC needs to do far more busi-

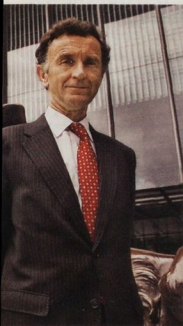
ness in developing markets like China to spur growth. After focusing much of its energy over the past seven years on mature economies, it is locked in a global contest with its chief rival, Citigroup, to tap the pocketbooks of the world's newly rich. From South Korea to India to Brazil, HSBC is expanding its branch network, launching new financial products and marketing its brand. In December HSBC acquired 10% of Vietnam's Techcombank; in November HSBC said it planned to launch the first independent investment bank in Saudi Arabia; and in late October it purchased 70% of an investment bank called Dar Es Salaam in, of all places, Iraq. Says Stephen Green, HSBC's global chief executive, who in November was named

HSBC boasts the most extensive branch network of any

Then and Now

The Hongkong and Shanghai Banking Corp. in prewar, pre-Revolution Shanghai; right, more recently HSBC expanded in mature economies such as the U.S.





▲ Green, who will become HSBC's new chairman in May, is known for reliability, not risk

the bank's next chairman: "These are markets into which we should be prepared to invest significant dollars."

Much of the world remains unbanked. China's 1.3 billion people, for example, carry about 10 million credit

cards, compared with 1.2 billion in the U.S. In Mexico only 1 in 5 people has a bank account. Rising middle classes in

developing countries are low-hanging fruit for multinational financial-services companies. "In the next 25 years, you'll see economic wealth distributed more evenly with the world's population," says John Bond, HSBC's outgoing chairman. "Demand for financial services in emerging markets is going to grow consistently and probably grow faster than it will in the more mature markets."

But with high growth come high risks, including dramatic booms and busts, political instability and worse. Michael Smith, Hong Kong-based CEO of HSBC in Asia, found that out one day in 1999 in Buenos Aires, where he was managing the Argentina operation. He had made some enemies while stamping out sus-

pected fraud. As he drove from his office, armed men in two cars ambushed him and riddled his car with bullets. Smith got shot in the thigh but managed to smash his blood-splattered sedan through his assailants' vehicles and outlast them in a long chase. "It was real James Bond stuff," says Smith, 49. And that wasn't even his worst day. Two years later, he and 1,000 other HSBC employees were trapped in their offices by a mob that tried to burn down the building during another of the country's economic crises.

The risks in mature economies aren't so lethal. Instead there is potential treachery of the bottom line. Bank analysts are worried that HSBC has become overly dependent on slow-moving,

mature markets, such as in Europe and the U.S.—which could slow growth. Goldman Sachs estimates HSBC's profit growth will sink to a more-than-respectable 9.8% a year from 2005 to 2007, after expanding an average of 19% a year from 2000 to 2004.

Call it the downside of getting global. In the mid-1990s, HSBC's business was based primarily in Hong Kong and Britain. Since 1998, however, the bank has completed more than 50 acquisitions, the biggest coming in the U.S., where HSBC previously had only a minor presence in the form of Marine Midland Bank, which it bought in the '80s. In 1999 HSBC acquired Republic New York Corp. for \$9.7 billion. In 2003, in a move that signaled HSBC's determination to shift into higher-margin consumer businesses, HSBC paid \$14.4 billion for Household International, a provider

of car loans and credit cards to less affluent Americans. Bobby Mehta, CEO of HSBC in North America, believes there is still potential in the U.S. market. He says strong loan growth in the third quarter of 2005 produced a 9.5% jump in profits for all of HSBC's U.S. businesses. "We don't believe there is any credit cataclysm coming" in the U.S., Mehta says. "When you compare the U.S. market to other developed markets, it looks attractive."

The result of the acquisition binge: HSBC's asset base exploded, from \$472 billion in 1997 to nearly \$1.5 trillion by mid-2005. The bank has a global footprint matched only by that of Citigroup, which has slightly larger assets than HSBC. HSBC has

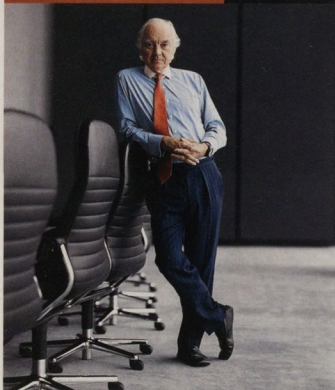
HSBC has been expanding rapidly and has assets nearly equal to Citigroup's

CITIGROUP		HSBC Holdings
\$48.43	Share price (1/17)	\$84.04
Up 4.8%	6 mos. to date (6/1/05)	Up 5.5%
100	Countries of operation	77
\$10.51	Net income in billions (Ctg. from year ago)	\$7.98 (Up 5%)
\$1.54	Assets in trillions	\$1.47
\$41.4	Revenue in billions (Ctg. from year ago)	\$29.9 (Up 9%)

Sources: Citigroup, HSBC Holdings

Foreign bank in China, the hottest market in global finance





◀ Bond, HSBC's outgoing chairman, has bet on growing demand for financial services in emerging markets

win. To get a head start in the virtually untapped Chinese credit-card industry, HSBC in July formed a joint venture with its partner Bank of Communications. Although the operation is 100% owned by the Chinese bank, the cards will be co-branded with HSBC, which plans to acquire a stake when regulations allow. "We always try to be the first through the door," says Yorke, HSBC's China chief. In India HSBC employs mobile marketing teams that push its services at stalls set up in shopping malls, office buildings and residential complexes in order to reach people beyond the bank's limited branch network. In Malaysia, where the majority of the population is Muslim, HSBC offers Islamic banking—conducted without interest charges, which are banned under Islamic law—along with its regular services.

In Mexico HSBC acquired and recapitalized a local bank, Grupo Financiero Bital, for \$1.9 billion in 2002, and now that country is the fourth largest profit generator for HSBC globally (after the U.S., Britain and Hong Kong). The success in Mexico has been spurred by an unusual marketing campaign. Executives discovered that the HSBC name is a tongue twister in Spanish, so it launched ads to teach Mexicans how to pronounce the brand correctly. In one TV spot, a man in an HSBC tie leads a crowd at a soccer match in an H-S-B-C cheer.

The true irony facing Green is that his legacy may very well

HSBC is locked in a global contest with Citigroup to win the world's newly rich

also become a very, very different bank. In 1997 nearly half its revenues came from emerging markets; today less than 20% does, according to Morgan Stanley.

Making emerging markets a bigger part of HSBC's business will probably be the primary challenge facing Green, 57, as he takes the bank's helm. A low-profile company insider who joined HSBC in 1982, Green was tapped in November to become HSBC's new chairman after the dapper and dynamic Bond retires in May. A part-time deacon, Green penned an unusual book in 1996 titled *Serving God? Serving Mammon?*, in which he strives to reconcile the money-hungry world of Big Business with the Christian ideal of love for humanity. "The kingdom of God can be found in the thick of the markets, and God calls some Christians to take the risk of being there," he writes. Not much risk taking is expected from Green, though. Ian Smillie, a bank analyst at ABN AMRO in London, calls Green "classic HSBC," which he describes as "considered" but "never cutting edge." Green will certainly need to sort out the bank's underperforming investment-banking business.

There's not necessarily a need for Green to take ungodly risks, but he could have a devil of a time competing against international rivals like Citi, Standard Chartered and General Electric and entrenched local banks.

That's not to say HSBC can't compete and

► Now that HSBC has positioned itself across China, it is looking into the country's untapped credit-card business

depend on getting the bank back to where it started. Although HSBC's pretax profits from emerging markets jumped 45% in the first half of 2005, according to Morgan Stanley, some bank analysts believe that Green will have to make even more major acquisitions to keep up that pace, especially in Asia. "It is a critical part of the potential growth," says Smith, HSBC's Asia CEO. "It is very important that we get it right." If HSBC does, its future may well be as storied—and profitable—as its past. —With reporting by

Peter Gumbel and Adam Smith/London



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Losing Our Faith

At the World Economic Forum, leaders will try to understand why people no longer trust authority



BY PETER GUMBEL PARIS

FOR A WORLD LEADER, IT MUST HAVE SET SOME SORT OF MISERABLE record: in a poll in December, just 1% of French voters said they wanted President Jacques Chirac to stand for re-election in 2007. For Chirac, that capped a terrible year of economic torpor, electoral setback and, in November, a fiery eruption of social unrest in the suburbs of Paris and other major cities. Trying to restore his authority, the French President gave his cus-

tomary televised New Year's address to the nation. "We must believe in France," he told his compatriots in a pathos-filled speech quickly lampooned by the nation's cartoonists and columnists.

Some of Chirac's peers may be smirking at his plight, but perhaps they should take note. For the French President's rock-bottom ratings are an extreme example of a corrosive trend in public opinion that poses just as much of a threat to President George W. Bush, British Prime Minister Tony Blair and their colleagues in dozens of other countries, as well as to the heads of global institutions and corporations from IBM to the International Monetary Fund. As political and business leaders ready themselves for their annual trek to the World Economic Forum in Davos, Switzerland, they do so at a time when the mistrust of authority—and an in-

creasingly vocal disrespect for it—has gone global.

Deference is dead, replaced by sniping, cynicism and an outpouring of open protest. Thanks to the Internet, every individual's gripe can now be amplified and diffused to a mass audience, whether the grippers are retired Americans whose pension benefits have been slashed or Chinese peasants who have lost their farmland to the nation's torrid industrialization. A recent World Economic Forum poll of more than 20,000 people in 20 countries revealed that public trust in national governments, the U.N. and multinational companies has dropped significantly over the past two years and is close to the lows recorded after the terrorist attacks of Sept. 11, 2001.

To some extent, that public hostility is well deserved. The bankruptcies of Enron and WorldCom



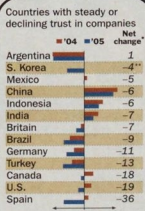
▲ Disgruntled French youth, like these in Toulouse, launched a string of riots

◀ French President Jacques Chirac is trying to recover from a terrible 2005

in the U.S. and Parmalat in Italy have focused attention on corporate sleaze on both sides of the Atlantic. Revelations about how Washington lobbyist Jack Abramoff allegedly bought influence in Congress have made a mockery of claims to clean government. The U.N. is struggling to recover from its own high-level corruption scandal relating to the oil-for-food program in prewar Iraq.

And at a time when stock markets are booming, the global economy is growing at its fastest clip in three decades and chief executives are cutting themselves huge paychecks, ordinary people the world over have cause to complain about being locked out of the party. "The top of the house shouldn't continue to award itself when the folks on the lower end of the ladder suffer," says C. William Jones, a retired telephone-company worker in Easton, Md., who was so incensed that Verizon cut his pension and healthcare benefits that he helped start a protest group called the Association of BellTel Retirees. It now has more than 100,000 members and communicates mainly online.

Yet however easy it may be to understand, the global culture of disdain is one





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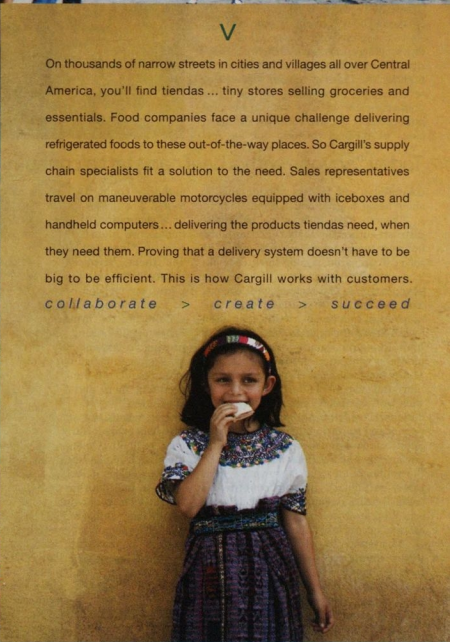
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V

On thousands of narrow streets in cities and villages all over Central America, you'll find tiendas ... tiny stores selling groceries and essentials. Food companies face a unique challenge delivering refrigerated foods to these out-of-the-way places. So Cargill's supply chain specialists fit a solution to the need. Sales representatives travel on maneuverable motorcycles equipped with iceboxes and handheld computers... delivering the products tiendas need, when they need them. Proving that a delivery system doesn't have to be big to be efficient. This is how Cargill works with customers.

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fraught with risk. To be sure, it gives a voice to people run over by the people who run things. But taken to an extreme, distrust gnaws away at some of the fundamentals of modern society. Why vote, if all politicians are charlatans? Why work, if all companies are crooked? Today "anyone with a beef can start a conspiracy theory," says Frank Furedi, a sociology professor at Britain's University of Kent, who argues that deference to traditional authorities is being replaced by reverence for new ones. "We don't trust politicians, but we have faith in the pronouncements of celebrities. We are suspicious of medical doctors, but we feel

Antiglobalization protesters took to Hong Kong's streets in December to voice their discontent



Today "anyone with a beef can start a conspiracy theory." —PROFESSOR FRANK FUREDI

comfortable with healers who mumble on about being 'holistic' and 'natural.'

Trust matters. If the world habitually distrusts authorities that are accountable, however inadequately, we may find ourselves ill prepared to meet the huge challenges posed by globalization. "In periods of great economic and technological change, trust can reduce the political, social, economic and emotional friction that often locks systems and organizations solid," says John Elkington, founder of a nongovernmental organization (NGO) called Sustain Ability that focuses on corporate responsibility and sustainable development. NGOs such as Greenpeace and Amnesty International have led the attack against companies and governments, and the World Economic Forum poll shows that NGOs today are the organizations most trusted by the public. But distrust is growing even of NGOs, particularly in such countries as India, Brazil and South Korea. "People will ask, Who are these people, and to whom are they accountable?" says Elkington.

Many trace the erosion of trust back to the counterculture 1960s with its clarion call, "Never trust anyone over 30." But Kate Watts, a London-based marketing expert, says a turning point in the deference offered to those in traditional positions of

authority could have come as early as World War I, with its senseless slaughter of a generation of European men. She quotes two lines of a poem by Rudyard Kipling: "If any question why we died./ Tell them, because our fathers lied." Whatever its roots, today's disdain has implications for companies beyond their corporate image. Watts points out a big conundrum for firms today: traditional forms of advertising and marketing are proving far less effective than in the past, as skeptical consumers stop believing what the ads tell them. "We appear to be spending more and getting less," Watts concludes.

So, what's the solution? Companies everywhere are looking for new ways to regain credibility. Greater transparency combined with money spent on good works is one way. Oil giant Shell, for example, excoriated in the 1990s for its pollution of the Niger Delta, is plowing money into projects to help indigenous people in Africa and elsewhere who are affected by oil exploration, including funding local initiatives to combat malaria and AIDS. Other firms rely on more cynical marketing trends, including the latest—"buzz marketing," in which people are paid to tell their friends and anyone else they meet how good a

product is, from Vespa scooters to Lucky Strike cigarettes. But that doesn't work for governments. Just this month revelations that a group close to the Republican Party has been planting news stories in Iraqi newspapers, and allegedly paid off some prominent imams, caused an uproar in Washington. Simon Anholt, an international consultant based in Britain who advises governments on how to improve the brand image of their nations, thinks the answer lies in moving away from obsessing over polls and focus groups. "Most governments provide second-rate customer service rather than leadership," he says. "Governments are popular when they have real problems and deal with them well."

Clarity of purpose can help with political leaders, just as it can with companies. Frustrated by constant blockage of his plans to reform the country's financial system last year—including by members of his own party—Japanese Prime Minister Junichiro Koizumi appealed to the public over the heads of the naysayers and won a landslide election victory. Only trouble is, sometimes, clear leadership engenders not too little trust but too much. In the tiny Himalayan kingdom of Bhutan, the reformist King Jigme Singye Wangchuck is so popular that he is having trouble persuading his people to replace his feudal monarchy with a parliamentary democracy. That's not the sort of popularity that is likely to give Jacques Chirac problems anytime soon. —With reporting by Kathleen Kingsbury/New York




Japanese Prime Minister Junichiro Koizumi and Bhutanese King Jigme Singye Wangchuck

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How Sweet It Isn't In the Sugar Trade

Sugar shortages are leaving a bitter aftertaste. Bad weather and rising energy costs have pushed raw sugar to its highest world price in a decade, about 15¢ a pound. In the U.S., a protectionist trade policy has made the situation even worse. "The 1 million-ton gap between sugar supply and demand will only grow more dire," says Sergey Gudoshnikov, a senior economist at the International Sugar Organization.

None of sugar's major producers have gone unscathed. Brazil, the world's largest exporter, is diverting more of its drought-shortened crop to the production of ethanol, a cheaper alternative to imported oil. In Thai-



land, the world's No. 2 exporter, supermarkets have begun rationing supplies. Drought in 2004, the worst in 40 years, reduced output by more than 2 million tons.

Europe's overhaul of its sugar-tariff regime in November and the resulting 4.5 million-ton decline in its exports have exacerbated shortages. Now sugar users in the U.S. are clamoring for the government to drop its quotas after last year's hurricanes drove the already artificially high domestic price up 25¢ a pound in a year. By law, the U.S. Department of Agriculture can't allow more than 1 million tons of sugar imports annually without a change in policy. Says USDA senior economist Larry Salathe: "It certainly looks like we're going to need it." —By Kathleen Kingsbury

Conquering China 101

Got anybody in your company so patient, so persistent, so willing to sit in interminable negotiations for hour upon hour that he would be worthy of the nickname Iron Ass? If so, send him to China; it may be where he belongs. That is one of the enormous number of practical lessons large and small to be gleaned from James McGregor's new book, *One Billion Customers: Lessons from the Front Lines of Doing Business in China*.

McGregor is a rare breed: an extraordinarily capable

journalist—he was the *Wall Street Journal's* Beijing bureau chief from 1990 to 1994—who evolved into a successful businessman. He ran Dow Jones' China operations, was head of the American Chamber of Commerce in Beijing and now is a venture capitalist

focusing on technology investments in China. His book is the best to date describing the scrum of trying to do business in China at a point when the hype—the nation of 1 billion customers—is finally starting to become reality. Our little nugget of wisdom on the China market for those wanting to do business there? Read this book.

—By Bill Powell/Shanghai



U.S. grocery executives ink a deal with China

The New Maxim: Go East

Maturing markets are turning Western magazine publishers in a new media direction—east, to China and India. Rock chronicler *Rolling Stone* will launch its Chinese edition in February. "Consumer-lifestyle publishing in China is a new phenomenon," says *Rolling Stone* publisher Steve DeLuca. There's little competition too: "The Chinese government wasn't up to the rock-'n'-roll scene."

It will be soon, now that local editions of glossies from *Maxim* to *Vogue* are feeding the hunger for gadgets, new duads and fast cars—social ammunition for middle-class lifestyles.

Last year China's magazine market totaled about \$400 million in advertising, but with 20% annual growth, it would



eclipse Europe's and Japan's by 2010. In India, where *Maxim* launched last month and *Playboy* promises a nude-free edition, \$1.5 billion worth of print ads were sold last year. International editions are usually low-investment licensing deals. *Maxim* has 31 such editions, *Rolling Stone* 11. China requires foreign media to choose local partners, and neither it nor India has a standard for auditing circulation. But DeLuca isn't worried. "As they evolve, we will evolve, and business will form around it," he says. —By Coco Masters

Fun with Fractionals

Resorts are rebuilding with luxury time shares to attract second-home buyers

BY BOB DIDDLEBOCK DENVER

IN THE GILDED BUBBLE OTHERWISE KNOWN AS ASPEN, COLO., THE local pecking order isn't kind to outsiders. At the top are the natives, then the Johnny-come-latelies, followed by the tourists—who are vermin in most resort towns. But in Aspen, the bottom slot goes to guys like David Massarano, a prosperous real estate attorney from Houston who recently dropped \$470,000 for three slices of a one-bedroom condo in the six-week-old

Hyatt Grand Aspen, 157 steps from the gondola at the base of Aspen Mountain.

Doesn't seem hospitable to label a Texan of some standing a sucker in a small western town—a small western town with an airport, at least one \$46 million ranch and visits from Cher—where his ski-happy family has been oiling the local economy since he was a kid. But Massarano doesn't mind. "I've been called worse things, being from Texas," chuckles the 50-year-old, who searched Pitkin County for years before finding the deal of his downhill dreams in the sprawling Hyatt, where the ghosts from bacchanals at the town-down Continental Inn still dance.

Massarano is not the only flatlander engaged in a high-stakes land rush for fractionals—the new-millennium term for time shares in lavish condominium projects in Aspen and other beautiful-people playgrounds sprouting around the world. Shelling out an average \$221,600 for a deeded share, these Range Rover-in, Fend-friendly folks who live to ski, golf and power shop are buying a couple of weeks of prime time in first-class venues stretching from the West Coast through the Rockies to the Gulf of Mexico. More often than not, though, the tab ranges from \$300,000 to \$750,000 and up in the higher elevations of Lake Tahoe, Calif., Jackson, Wyo., and, of course, Aspen, where the Hyatt Grand has sold nearly half its 1,000 shares, selling for \$80,000 to \$1 million apiece. Nor is it that much cheaper at

sea level at Ritz-Carlton residences in St. Thomas, U.S. Virgin Islands, and Jupiter, Fla.

Little wonder that the market in 2004 generated \$1.5 billion in sales, triple 2003's, according to Ragatz Associates, a consulting and market-research firm in Eugene, Ore. That kind of volume is beginning to pay off for the hospitality industry's big guns—Ritz-Carlton, Four Seasons, Starwood, Hilton, Marriott and Hyatt, among others—which have bottle-fed the fractionals concept for more than a decade. The motivation? Financing expensive hotel projects is easier and far more lucrative this way. "The time-share business has been a very good business for these companies because it tends to have high margins," says Bill Crow, an analyst with Raymond James & Associates in St. Petersburg, Fla. "Three to five to six years after you've opened, you've made your money back—compared to the 10 years or more it usually takes [with a hotel-only project]."

Wielding the algorithmic model refined by NetJets and other fractionals businesses (if I have X customers, how many jets, boats, rooms, etc. will I need to meet demand at any given time period Y?), developers have zeroed in on a core market: older, well-heeled baby boomers, high-level executives and flush empty-nesters who want to play among themselves or with their families.

Many of them have annual household earnings of \$500,000 and up, but chances are, they won't move into Goldie Hawk's



Matthew Dwyer and David Massarano savor their investments in the hot Aspen market

or Harrison Ford's neighborhood, where homes can fetch \$3 million or so in year-round hot spots like Aspen and Jackson Hole. The thinking of the committed fractionalist: 'tis far better to own a tiny piece of the real deal than spend time and money getting to the seashore or overpaying in resort hotels. Another bonus: second-home headaches like broken pipes and spent microwaves are nonissues. "I don't have the time or interest for those kinds of things," says Matthew Dwyer III, a money manager from Atlanta who has invested \$2 million in three Hyatt units. "All I'm excited about is the skiing. It's a no-brainer." Project managers can vanquish almost any problem short of

JEFFREY MANNING—NETWORK ASPEN FOR TIME



▲ A share at the Ritz-Carlton Club in St. Thomas can cost upwards of \$300,000

► Starwood's St. Regis Resort, in Aspen, has 11 shares for each of its 25 units

▼ London's Marriott Grand Residence has a sister club in South Lake Tahoe



Lavish condo shares offer pieces of some of the world's swankiest resorts



a shredded ACL. And there's room service.

A mecca for serious skiers and show-biz Brahmins with serious egos since the 1960s, the Aspen resort could very well be the epicenter of the fractionals boom, thanks to the pricey action at nearby Snowmass Village, the colossally developed Aspen Highlands ski area; and downtown's Hyatt, the Aspen Ski Co.'s Residences at the Little Nell and Starwood's St. Regis Resort, Aspen. The fact that there's little nearby land left to develop, coupled with Aspen's Hollywood and Wall Street rep, has transformed developments like the sumptuous St. Regis into platinum mines. With 98 hotel rooms converted into 25 two- and three-bedroom units, 275

fractional shares are selling for \$300,000 to \$1.5 million each. All should be gone this summer, according to the bullish Starwood, which is busily carving up the St. Regis in New York City and building more resorts in Punta Mita, Mexico, and Bora Bora, French Polynesia, among others. The average share price: \$475,000. Google, eat your heart out.

At Aspen's Little Nell, the most luxurious place in a town built to please, a one-eighth share in a four-bedroom unit, good for four weeks annually, has gone up 67%, to \$2.25 million, since bidding started in July. A piece of a three-bedroom residence is a more affordable \$1.3 million. The complex opens next winter.

The fractionals land rush comes at a good time for Aspen, where the glitter factor had dulled because of terrorism-related travel fears and lousy snow and the number of hotel rooms had declined—

replaced by private housing. Local officials love the fractionals concept. Their thinking: the more “hot,” or filled, beds developers can deliver per night by selling condo shares and leasing vacant units, the better. “It allows the community to create a more year-round visitor base, which gets people into the stores, restaurants

and activities,” says Debbie Contini Braun, CEO of the Aspen Chamber Resort Association. “These projects also create year-round jobs, which has a stabilizing effect on the economy.”

In this “economic freak show,” as a prominent Aspenite calls the fractionals party, buyers in the Hyatt, including Massarano and ex-N.Y. Met Keith Hernandez, are center stage. They’ve put up huge sums for properties that are hostage to the vagaries of the economy, the weather and obnoxious co-owners. Sure, the turnaround service, wine bar and ice rink are nice. But what if Massarano wants to sell in a few years and buyers are scarce? (Hello, Pocono Mountains, Pa.) “I’m just

glad to have a place here,” he says. “When I get to where I can’t ski, and if I want to sell, I’d like to at least get back what I’ve put into it. But things like that don’t bother me when I’m on top of Highlands Ridge, ready to take an express elevator straight down the mountain.”

At the rate fractionals are selling, the next stop could be, say, Talladega, Ala., or Hanover, Pa., where the NASCAR and horse crowds hang. A wild thought, perhaps. But when cattle used to outnumber people in the Roaring Fork Valley, who would have believed a visitor could find this place, let alone drop a million bucks to stay on Durant Avenue so he could booze at the Belly Up club? ■

People to Watch In International Business

BY JEREMY CAPLAN



Wan Jianhua

BANKING ON TRAVEL

About 31 million travelers from China ventured abroad in 2005, according to China's National

Bureau of Statistics. The country's bank-card association, China UnionPay (CUP), has focused on helping Chinese tourists take advantage of their growing buying power. Led by CEO Wan Jianhua, CUP has partnered with Discover to enable tourists to use American ATMs. As the Chinese travel more and spend more—\$19 billion in 2004—CUP is inking deals with European banks as well. "With an intensified marketing campaign, public recognition of CUP will accelerate," Wan says.

CHINA UNIONPAY

(world
beaters)

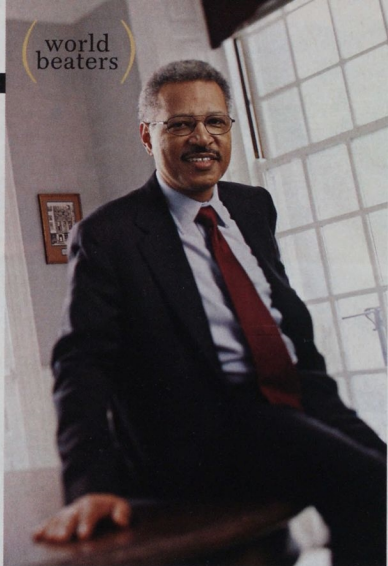


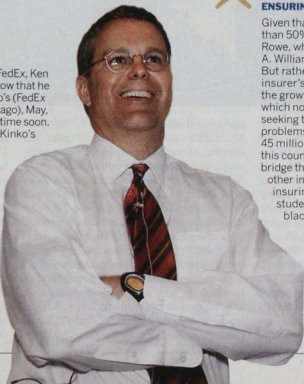
PHOTO: BOB LANGRISH/GETTY IMAGES



Ken May

THE JOURNEYMAN LEADER

In nearly 24 years of working at FedEx, Ken May has had 13 assignments. Now that he is starting as CEO of FedEx Kinko's (FedEx bought Kinko's nearly two years ago), May, 45, won't reprint his résumé anytime soon. He plans to build 3,000 FedEx Kinko's stores over the next five years, including 1,000 overseas. Many of the new locations will be just 2,000 sq. ft., a third as big as most current outlets. That will cut costs, and the result, May hopes, will boost morale and profit margins, which have been sagging. "At FedEx, we talk about walking barefoot 24 miles in the snow to deliver a customer's package," says May. "I want FedEx Kinko's employees to have a dose of that [spirit] as well."



FEDEx CORP.



Ronald A. Williams

ENSURING A HEALTHY TRANSITION

Given that Aetna's stock was up more than 50% in 2005 alone under John Rowe, who is retiring, new CEO Ronald A. Williams has a tough act to follow. But rather than focus on the health insurer's Wall Street performance and the growth of its medical membership, which now tops 14 million, Williams is seeking to chip away at complex problems. "We have work to do with the 45 million people who are uninsured in this country," says Williams. To help bridge that gap, he is touting, among other initiatives, a program aimed at insuring college and university students. Williams, 56, is the first black CEO in Aetna's history.

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Rick Montey, Local Manager – FiOS Operations



Verizon Fiber-Optic Conduit

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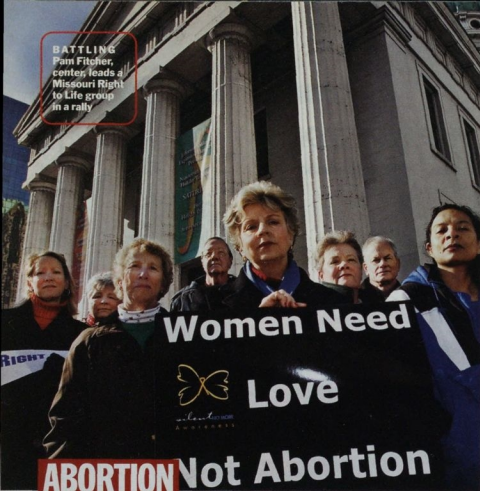
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in a rally



WHERE THE REAL A

For all the debate in Washington, the battle over abortion is actually in the states, which are imposing more limits than ever. **MISSOURI** is a case study

By KAREN TUMULTY

NOT SINCE THE DOOMED ROBERT Bork has there been a Supreme Court nominee with such a clear record of opposition to abortion. And yet, as Samuel Alito moves closer to Senate confirmation this week, the rumble that many expected over his position on the issue has failed to materialize. That in itself tells us something about the nature of the abortion war today.

Listening just to the alarms of abortion-rights groups on the one hand and the cheers of opponents on the other, you could come away with the impression that the fate of Alito's nomination will determine whether abortion remains available

in this country. That is not what is at stake. Alito's confirmation would not produce the votes sufficient to overturn the Supreme Court's landmark *Roe v. Wade* decision guaranteeing abortion rights throughout the country. And even if *Roe* is reversed in the future, states will be free to preserve abortion rights, and many almost surely will. Today the tussle is over not whether abortion will exist but how. In that respect, the terms of the debate have caught up with the public's attitude toward the issue: polls consistently show that most people in the U.S. want abortion to be legal; they just don't want it to be easy.

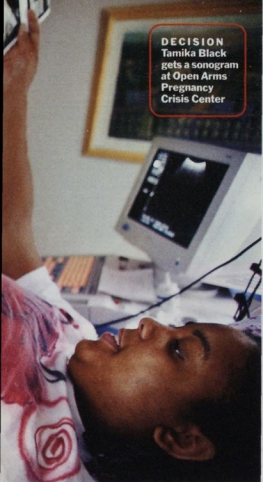
That sentiment has been expressed in a variety of measures passed by legislatures since a 1989 Supreme Court ruling gave states more leeway to restrict abortion. It's

a reality the Supreme Court reaffirmed just last week. In a narrowly written but unanimous decision authored by Sandra Day O'Connor, the high court backed away from directly interfering with a New Hampshire law. The Justices said a lower court should not have struck down a parental-notification requirement entirely, and ordered the judges to come up with a more limited version that would protect the health of girls seeking abortions in emergency situations.

On the eve of the 33rd anniversary of *Roe v. Wade*, *TIME* took a look at the situation in the state of Missouri, where the 1989 case originated, to explore how the shifting battlefield affects the making of abortion law and to examine the impact of state restrictions on women who find themselves unhappily pregnant.

Consider, for example, the case of a 22-year-old unmarried woman we will call Lisa, who missed her period last November. Lisa, who was managing a restaurant, de-

DECISION
 Tamika Black
 gets a sonogram
 at Open Arms
 Pregnancy
 Crisis Center



PRO-ROE
 Advocates in
 St. Louis mark
 the 33rd
 anniversary of
 the decision

CTION IS ...

cided to have an abortion. Her timing could have been better. Just the month before, Springfield's only abortion provider, which had been operating five days a week just 15 minutes from her home, closed its doors. "The environment here in Missouri is so hostile," its administrator told the local paper. With four abortion doctors left in the state, compared with 10 as recently as 1996, Lisa's closest alternative turned out to be the Planned Parenthood clinic in St. Louis, an eight-hour round trip by car. That meant Lisa, who has no car, not only had to ask a friend to drive her but also had to come up with an excuse for missing two days of work, because she was afraid to tell her boss the truth. Two weeks later, she had to make the trip again, for a follow-up exam that lasted about five minutes. She figures the whole episode—the clinic's bill, the prescription for the abortion drug mifepristone, gasoline, food and incidentals—cost her a little more than \$600. "It was all very frustrating," Lisa told TIME a

month after her abortion. "I only recently paid back everyone I borrowed money from."

Increasingly, the question of how difficult it is to get an abortion—and sometimes whether you can get one at all—depends on where you live and how much money you have. Last year state legislatures across the country passed 52 new laws restricting abortion, more than twice as many as in 2004.

Few states were more active than Missouri, where Republicans last year took control of the Governor's mansion and both houses of the legislature for the first time in 84 years and thus strengthened the anti-abortion majority in the statehouse in Jefferson City. Governor Matt Blunt even summoned the legislature into special session in September to pass bills that allow civil suits to be brought against anyone who helps a Missouri teen obtain an abortion without a parent's consent and that require doctors who perform abortions to have priv-

ileges at a hospital within 30 miles of the clinic. Generally, only local doctors can get those, and abortion providers often do not live close to where they work. That was largely why the Springfield clinic closed. The Missouri legislature is back in session this month, and abortion-rights foes have another list of bills they hope to pass, including one that would protect pharmacists who refuse to fill prescriptions for morning-after pills from lawsuits and employer sanctions, give tax credits to centers that discourage pregnant women from having abortions, and require that pain relief be given to fetuses that are aborted after 20 weeks of pregnancy.

One reason that abortion-rights opponents in Missouri and elsewhere succeed in winning restrictions is that regulations on the procedure generally enjoy broad popular support, even among people who say they want to keep abortion legal. Pollsters say that Americans' views on abortion have shifted relatively little since *Roe v. Wade*, that they have always been complicated and that sometimes they are even contradictory. In a survey by the Pew Research Center last July, for instance, 65% of those polled said they oppose the idea of overturning *Roe v. Wade*, but nearly an identical percentage said they would like to see more legal restrictions. Among the most popular: mandatory waiting peri-

ods, parental- and spousal-notification requirements and a ban on all late-term abortions.

Americans tend to have little sympathy or support for the reasons most women seek an abortion. In a 2004 study, the Guttmacher Institute—an abortion-rights advocacy group whose data are considered the best on the issue and are cited by both sides in the debate—found that the two most common reasons given by women are that “having a baby would dramatically change my life” and “I can’t afford a baby now.” Both were mentioned by more than 70% of the 1,160 women surveyed. And yet numerous polls have found that most Americans say they think abortion should be illegal in those circumstances—a position that cannot be reconciled with their expressed support for *Roe v. Wade*. In a Pew poll last October, a majority of Americans said they supported legal abortion only in the case of rape, when the mother’s life or health is endangered or when there is a strong chance of serious birth defect.

No one so far has seriously tried to legislate the reasons a woman can have an abortion, but restrictions have taken many other forms. Do these laws actually bring about a reduction in the number of abortions, a goal that abortion-rights advocates also support? Even before many of the restrictions went into effect, the abortion rate and the overall number of abortions in the U.S. were on the decline. In 2000, the latest year for which Guttmacher has compiled statistics, the abortion rate was 21.3 abortions per 1,000 women ages 15 to 44, which was the lowest since 1974 and down from a peak of 29.3 abortions per 1,000 women in 1980 and 1981. In 2000 a total of 1.31 million pregnancies ended in abortion, down from a high of 1.61 million in 1990. In Missouri the reductions in both figures in recent years have been even sharper.

The reason for the declines is a matter of dispute. Economic growth, better contraception and safe-sex practices probably all contribute to the trend. But a 2004 study by researcher Michael J. New for the conservative Heritage Foundation found that states that have adopted laws regulating abortion experienced a larger decline than those that have not. Reductions are particularly steep, he found, in states that restricted the use of Medicaid funds to pay for poor women’s abortions and those that required pre-abortion counseling about fetal development and abortion risks. (Lisa complied with that rule by phone.)

Some of those who deal with women seeking abortions have different theories.



SUPPORT
At Hope Clinic,
a patient, 17,
undergoing an
abortion is
comforted

“The restrictions may stop some, but we think things like the 24-hour waiting period and the reduction of the numbers of clinics do not reduce abortions. They increase later abortion,” says St. Louis-region Planned Parenthood CEO Paula Gianino, who has been at the organization for 15 years. While Missouri keeps no statistics that would back up that contention, a 2000 study by Guttmacher conducted in Mississippi found that the percentage of second-trimester abortions increased after the state adopted mandatory counseling and waiting periods in 1992.

Despite that, Gianino says, women overall are having abortions at earlier stages of gestation than ever, largely because better pregnancy tests are on the shelves of every drugstore. And there are alternatives to surgical abortion that weren’t around years ago, which give women a greater incentive to make their abortion decision early in their pregnancy. Fully 24% of the St. Louis Planned Parenthood clinic’s first-trimester abor-

tions are being done with mifepristone, formerly called RU-486, which was federally approved in 2000 for use in the first 49 days of pregnancy. Two years ago, it was only 18%. And finally, there is an alternative that one side of the debate calls contraception and the other considers abortion: the so-called morning-after pill, which must be taken within 72 hours of intercourse to be effective. The Planned Parenthood affiliate in St. Louis performed about the same number of abortions (approximately 6,300) in 2004 as in 2003. But in the same time period, the number of morning-after kits they dispensed—containing a pregnancy test, four birth-control pills and a booklet advising the user not to take the pills if already pregnant—jumped, to 8,000 from 6,500.

Missouri’s new restriction concerning minors is already having an impact. Missouri has become the first state to extend its parental-notification law beyond its state line, a move aimed across the Mississippi River at the Hope Clinic, a low-slung building that sits amid a vast industrial park in

ABORTION RESTRICTIONS: A SAMPLING

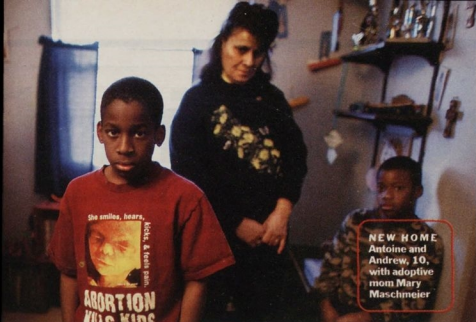


Counseling Thirty-two states require that women receive pre-abortion counseling. Particulars vary. In three states, a description of the basic procedure is offered; in three others, women are told that the fetus may feel pain¹



Waiting periods Twenty-four states that mandate counseling also require that women wait a set period—usually 24 hours—between counseling and an abortion. South Carolina calls for a one-hour wait

¹In Missouri, counseling is not mandatory, but if a fetus is viable, the woman must be offered anesthesia for the fetus



Granite City, Ill. A recent morning found a security guard posted out front and a waiting room filled with anxious-looking young women, along with a few boyfriends, husbands and children. Because Illinois has no parental-notification law, Hope Clinic had been the easiest option for Missouri teens seeking to get an abortion without telling their parents. But the new Missouri law that makes it possible to sue anyone who provides an abortion to a Missouri resident under age 18 without written consent of a parent has Hope demanding proof of age of all prospective patients.

Hope counselor Zoila Rendon-Ochoa recently received a call from a St. Louis woman who spoke only Spanish and identified herself as an illegal Mexican immigrant working as a dishwasher in a restaurant kitchen. In her ninth week of pregnancy, she had left Mexico with no birth certificate; she had no driver's license or other identification. "I can't have this baby," she pleaded. Recalls Rendon-Ochoa: "Before the law, we could have given her

an abortion. She kept saying to me, 'You can trust me. I'm 24,' but we couldn't prove it. She asked me, 'Where do I go now?' I couldn't tell her. I would guess that she carried the baby to term."

In another case at Hope, a 17-year-old high school student from St. Louis appeared with her boyfriend. She said she did not know where her mother or father was. She was told to get a judge's order that would allow the abortion without parental consent. Another 17-year-old who was turned away said she would return after her birthday in several weeks, thus increasing the risk and expense of the procedure.

Some abortion-rights foes say that if they want to win the political battle in the long run, they will have to prove that there are alternatives to abortion and that they can work. In 1997, for instance, Missouri passed a tax credit for donations to maternity homes. These activists also acknowledge that they bear a special burden to help women trying to raise babies they can't afford. Larry Weber, executive direc-

tor of the Missouri Catholic Conference, notes that the year after abortion-rights opponents helped rally support in 1993 to make more people eligible for Medicaid, the abortion rate dropped sharply.

It's impossible to say precisely what caused the drop, and the rate was up again slightly two years later. Meanwhile, those on the other side say that reducing the number of abortions is not the only measure of success. "You have to look at the long-term social effects," says Pamela Summers, Missouri executive director of NARAL Pro-Choice, the abortion-rights advocacy group. "There's a greater likelihood that teenage mothers in particular and their children will wind up on public assistance, drop out of high school, end up in low-wage jobs—all things that are not good for society."

Both sides might look to college dropout Jessica Schutte, 23, to make their point. When Schutte got pregnant in the fall of 2004, her family members urged her to have an abortion, but she resisted, figuring it wasn't her baby's fault that she hadn't used birth control. Things didn't work out with her boyfriend, so he started making calls to find her a place to live and came upon Our Lady's Inn, a St. Louis maternity home. Schutte was 8½ months along and terrified when she moved in, figuring that she had landed in what amounted to a homeless shelter. But the inn gave her classes in child development and taught her how to feed a baby, when to get him vaccinated, even how to clean a house. It also taught her about safe sex. "I learned how to be a good parent, and I became confident that I could do that," she says.

But she still can't do it alone. Earlier this month, she got a \$7-an-hour cashier job at a Family Dollar store; about \$30 of her \$200-a-week paycheck goes to child care for her son Hayden, 8 months old. She still lives in an apartment subsidized and furnished by Our Lady's Inn. Pointing to her spartan surroundings, she notes, "All the furniture in this apartment is theirs. All of it: the TV, the bed, the couch, the crib, the coffee table, dishes—everything I need."

Schutte talks of paying off her \$2,500 student debt, getting state grants to go back to nursing school and eventually moving back to her hometown, Cedar Hill. All those things are going to take more than a few donations from a do-gooder group. But just like Lisa, Jessica Schutte had a choice when it came to having an abortion. And she decided, no matter how hard it gets, she wants to watch that choice grow up. —With reporting by Chris Maag and David E. Thigpen



Parental involvement

Twenty-one states require the consent of one or both parents before a minor may have an abortion; 13 require parental notification²

²The Supreme Court last week instructed an appeals court to reconsider a New Hampshire parental-notification law that it had struck down

Method bans

Ohio prohibits a procedure known as dilation and extraction throughout pregnancy.³ Three other states have outlawed the procedure when there is a viable fetus

³Seven other states have blanket bans on "partial-birth" abortion on the books, but a Supreme Court ruling makes these laws unenforceable

Take Two Aspirin and

Is the new Medicare drug mess a bureaucratic hiccup or the sign of a cost-conscious future?

TIME takes a look

By JYOTI THOTTAM

A MONTH AGO, TRACY PATTERSON was simply a woman with more than her fair share of sickness. With multiple birth defects, chronic pain, asthma and bipolar disorder, Patterson, 35, struggled to get by on \$832 a month in disability assistance. But at least one thing in her life was taken care of. California's Medicaid program paid for more than a dozen medications every month. "I always got my meds on time," she says. That changed on Jan. 1, when Medicare's prescription-drug benefit went into effect. Patterson was one of 6.2 million people automatically shifted into the program from Medicaid, and her story has become part of an urgent, nationwide call to fix what both Republicans and Democrats say was a botched transition to the controversial new plan.

Patterson says the abrupt switch has pushed her to the edge. She spent a week without medication, trying to figure out the new plan, called Medicare Part D, and then learned that under the terms of her policy, she would have to pay \$308.68 for a month's supply of morphine, which she takes for her chronic pain. "I flipped out," she says. "First I was shocked, then I started crying. Now I'm just numb. I'm bipolar. I'm kind

of getting depressed." Patterson sobs at the idea of borrowing money she can't pay back. "Whoever voted this into policy was a bunch of jerks, and they never knew what it was like to live on a fixed income and have to have medication."

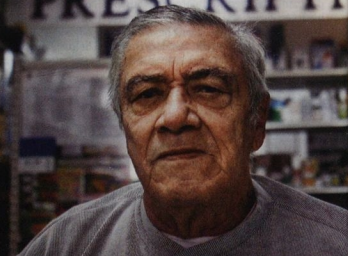
Any policymakers who once might have glossed over her frustration as a side effect of sudden change are thinking twice. "Katrina showed government's failure to respond, and we can't afford those failures again," says Republican Senator Norm Coleman of Minnesota. A quarter of the 24 million people now enrolled in Medicare Part D are "dual eligibles," people who qualify for both Medicaid and Medicare. In other words, they are among the poorest and frailest people in the country. More than 70% of them make less than \$10,000 a year; 372,000 of them have Alzheimer's. Republicans realize that after Katrina, they

cannot risk another crisis in which the government appears to be abandoning its most vulnerable citizens. Some are already making that connection. Aniela Toscano, 56, a New Yorker living in a shelter, has run up \$885 in credit-card debt thanks to a brand-new bill for drugs and is worried that she can no longer afford her seizure medication. "What happened in New Orleans?" she says. "They let those people die. Why not us?"

Thankfully, no one is waiting for another slow-motion catastrophe to unfold. Governors of more than 20 states have pledged emergency funds to help people, at least temporarily, pay for drugs they are having trouble getting. Insurers say they expect to have any remaining problems fixed in the next two weeks, although patient advocates are skeptical. And in response to the bipartisan outrage, House Republican leaders are considering a proposal, initially suggested by Democrats, to extend the deadline for signing up for the new benefit from May 15 to Dec. 31, a House G.O.P. aide tells TIME. The difficult transition, though, is more than just a product of bureaucratic fumbling. It is a

CHANGE UP César Escobar, 75, right, discovers at a pharmacy in the Bronx borough of New York City that the new drug plan to which he was assigned doesn't cover some of his medications

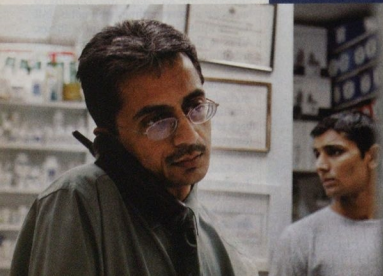
PRESCRIPTI



WADING IN At the same drugstore, pharmacist Hemant Desai, left, spends hours talking to insurers, trying to help his customers navigate the complexities of their plans

STICKER SHOCK Carmen Gomez, one of Desai's customers, must now pay \$69 for each of eight drugs for, among other things, arthritis and migraines. She used to pay nothing

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Read This Now

significant step in the march of U.S. health care toward a free-market system governed by choice and risk. President George W. Bush is expected to make that movement a central element in his State of the Union address next week and to emphasize its promise. The patients, families and pharmacists caught up in Part D know its price, at least in the short term.

The fundamental goal of Medicare Part D is hard to argue with. Medicare has no drug benefit; Part D provides one. When Medicare was established in 1965 as a Great Society health-care program for seniors, prescription drugs were a minor planet in the universe of medical treatment. They now account for 11% of every health-care dollar spent. But more than a quarter of the 42 million people on Medicare had no drug coverage at all last year.

The law that was passed in 2003 is not really an expansion of Medicare, which is an entitlement with standardized care. Part D, although funded by Medicare, is actually private insurance, similar in design to high-deductible health policies that shift more of the costs to members in an effort to make them more conscious of what they're spending. "People are used to it being an entitlement, but [Part D] wasn't the same sort of generous benefit that Medicare is," says David Scrase, president of Presbyterian Health Plan, a Part D provider in Albuquerque, N.M.

The array of selections available under Part D—

even Alaska, with only 53,000 eligible recipients, has almost 30 plans, all with different premiums, deductibles, co-pays and covered drugs—has bewildered seniors trying to choose. But that confusion is only part of what has gone wrong. The main reason for the problems of the past three weeks is that the vast majority of enrollees—20.4 million of 24 million—already had some kind of drug benefit, in many cases Medicaid, and were automatically switched to Part D. Their information had to make its way through several layers of private and public bureaucracy for the new system to work. Medicare allowed people to sign up for Part D until Dec. 31 for coverage on Jan. 1, but insurers couldn't process their enrollment cards fast enough to be ready by then. People eligible for both Medicaid and Medicare were assigned to plans randomly, in many cases to plans that did not cover the drugs they took. Insurers are supposed to cover 30-day emergency supplies of medicines that are not included in their plan, but many companies are stonewalling on fulfilling that guarantee. So many seniors have had to pay out of pocket for their drugs or go without. Medicare promised subsidies to poor people for their co-payments and deductibles, but insurers still do not have complete information on who is eligible for the extra help.

Some insurers blame pharmacists for

lacking the right software or failing to carry out stated policies, while pharmacists say Part D has been a disaster for them too. Many of them have been handing out prescriptions but don't expect reimbursements from Medicare until early February. That cash-flow crunch is putting some pharmacies in danger. Art Whitney of Rockland, Calif., borrowed \$500,000 to cover what he owes his wholesaler. "I've been in business since '87, and I've never borrowed a nickel," he says.

Why shift so many people, particularly those least equipped to handle a chaotic change, all at once into a system with so many moving parts? Health-care advocates have been asking that question for at least two years. In January 2004, the Kaiser Family Foundation, a nonpartisan health-care research group, published a report predicting that dual eligibles would be "overwhelmed" by a sudden change to Part D. The report of a Kaiser gathering of Medicaid directors from 11 states held last November to discuss concerns about the Part D transition reads like a screenplay for the horror stories that followed. "It wasn't that they didn't know," says Drew Altman, president of the foundation.

In an interview with *TIME* last week, Mark McClellan, administrator of the Centers for Medicare and Medicaid Services, said most people entered the new system without encountering trouble. He attributed much of the difficulty of those who did to the huge number of people who enrolled or switched plans at the end of December. Although assigned to plans, dual eligibles had the right to change by Dec. 31 to one that best suited their needs. The Medicare bureaucracy is still catching up with all that data, McClellan says. "Those are the

WAITING At another Bronx pharmacy, Rose Skrapitz, 78, near right, explains that weeks after enrolling she still has no insurance card



Care
Prescription Drug Plan
Nature Plan

Copays
Generic: \$0
Preferred Brand: \$69
Non-Preferred Brand: \$69

CMS-55967037

issues that we're working through right now."

McClellan, along with the insurers, is closely watching whether the bad publicity from the start of Part D will affect enrollment. The pace of voluntary enrollment so far is picking up, with 2.6 million people signing up since Dec. 13. High enrollment is crucial to the program's success. Any insurance program relies on pooling the risk of a large group of people, and insurers that can't capture enough members will eventually have to shut down.

Any talk of turning Medicare into market share, of course, is catnip to Democrats, who are ready to use the Medicare mess against Republicans in the November midterm elections. Seniors tend to turn out for midterms in higher numbers than younger

people, "so there's a real opportunity here," says Democratic pollster Mark Mellman. The Democratic Congressional Campaign Committee is advising candidates to visit senior centers and press the argument that the drug benefit was written by and for the health-care lobby. Those candidates hope to point out, for example, that drug manufacturers lobbied to avoid negotiating drug prices directly with Medicare. Instead, Medicare provides funds to insurers, which use intermediaries called pharmacy benefit managers, who then negotiate with the drugmakers. That system breaks Medicare into smaller purchasing pools, and drugmakers get higher prices. Insurers, meanwhile, successfully lobbied for a provision that limits potential losses in the first two years.

Republicans insist that January's

Many on Medicaid were assigned to plans that don't cover the medicines they take

rough transition will be all but forgotten by November. And they will remind voters that Democrats were unable to get any drug benefit, however flawed, passed while they were in power. "Seniors would have nothing if it weren't for Republicans passing this plan," says Amy Call, spokeswoman for Senate majority leader Bill Frist. G.O.P. leaders have so far rejected the major changes proposed by Democrats, including allowing direct negotiation with drugmakers and easing the rules on reimportation of drugs from Canada.

They are taking seriously the bipartisan calls from states to be reimbursed for the tens of millions of dollars in emergency funds states have set aside to cover the gaps in Part D coverage. Health and Human Services Secretary Michael Leavitt spent last week on damage-control patrol, trying to placate anxious seniors and state lawmakers angry about footing the bill for Medicare's mistakes. Maine Republican Senator Olympia Snowe said Leavitt reassured her on Friday that the Federal Government would use its authority to compel insurance plans to reimburse the states directly. Maine has spent \$5 million.

Ultimately, the future of Medicare Part D will depend not just on Republicans or Democrats, insurers or drugmakers, pharmacists or health-care experts. It will hinge on the willingness of the millions of people eligible for Medicare to submit to this experiment in free-market health care. Americans could decide that the health of the old, the sick and the needy deserves a system separate from the one that rules whether Internet companies and T-shirt makers live or die. But if enough people agree to endure the smaller upheavals that are sure to come, Part D gives them a drug benefit based on the American ideal of unlimited choice. Some plans will change their rules or increase their prices; others won't survive, and their members will again have to navigate a new plan. For those without any drug coverage at all, that may be a risk worth taking. —With reporting by Matthew Cooper, Eric Roston and Douglas Waller/Washington and Sean Scully/Philadelphia

5 Tips to Survive Medicare Part D

1. Get some help

The president of one Part D insurer, a physician, admitted that he had trouble understanding the details of the new drug benefit, so don't be surprised if you feel baffled the first time you look at it. Ask social workers, your local pharmacist, senior centers or family members to help you understand the particulars.

2. Sign up early

When you submit or change your enrollment in a plan, it can take two weeks to receive your card. Federal agencies and insurers are working through the start-up bugs and are still processing 2.6 million people who signed up after Dec. 13.

3. Know what you have

If you are enrolled in a Medicare Advantage plan that already has drug benefits, Medicare Part D automatically replaces your existing drug benefit. Don't sign up for Part D separately; you could risk losing your Medicare Advantage coverage.

4. Understand the doughnut

In most plans, once you hit \$2,250 in expenses, you will bear 100% of the cost of your drugs. That limit includes spending by you and the insurer, so you could fall into the so-called doughnut hole sooner than you think. Usually you get back onto the doughnut if expenses reach \$5,100, at which point insurance coverage resumes at 95% of drug costs.



STUDY HALL A stumped senior at a California seminar about the drug plan

5. Bring your paperwork

Low-income Medicare recipients whose incomes are nonetheless too high for Medicaid may gain the most from Part D. Subsidies are available for premiums and co-payments once Medicare determines, according to a complex formula, whether you are eligible for this help. Even if you are approved, your pharmacist may not have access to proof. So take your approval documents with you to the drugstore.

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Whodunit, Doggone It?

Inside a four-legged genetics lab, where forensic scientists fight crime with tooth, claw—and DNA

By AMANDA BOWER DAVIS

IN A HIGGLEDY-PIGGLEDY COMPLEX OF tired-looking trailers parked alongside grain silos and stock pens, four white-coated scientists are investigating crimes with the tools of 21st century forensics. They're testing hairs found on a blanket wrapped around a victim of rape and murder, trying to match them to a suspect's dog. They're analyzing the DNA of two Pekingese killed during a robbery to determine if a suspect was at the scene of the crime. They're looking for a match between stray hairs left at a murder scene and DNA taken from the suspect's cat.

It's all in a day's work at the forensics division of the Veterinary Genetics Laboratory at the University of California at Davis, the CSI of the four-legged world. The humble surroundings bear only slight resemblance to the flashy labs you see on TV crime shows, but the division's record of success reads like a Hollywood script. In its first year of operation, the lab helped prosecutors win a tricky sexual-assault conviction in Iowa in which the key clue was dog urine (the victim was unable to identify the suspect, but her dog had relieved itself on his truck during the assault). "Once we had the DNA to connect him to the crime scene, he pled guilty," says acting lab director Beth Wictum.

The forensics lab was established in 1999 out of necessity. The university's genetics

lab, which specializes in verifying horses' lineages, was getting more forensic requests than it could handle. "Police labs are only set up to do human work, and they were overwhelmed with that," Wictum says. "If they had animal evidence, they would just set it aside."

Yet animal DNA can sometimes mean the difference between a conviction and an unsolved crime. In a 2001 sexual-abuse case, a 14-year-old mentally handicapped boy told police he had been molested by a man who was licked by his dog during the act. Scientists tested DNA taken from the suspect's skin and found the dog's saliva exactly where the boy had said it would be. The molester pled guilty and got three years in federal prison.

There are other private and university labs that do forensic DNA testing of pets and farm animals, but none are as big or as busy. The Davis lab boasts the largest database of domesticated-animal DNA in the U.S.—including samples from 1.5 million horses, 25,000 dogs and a barn full of other species, from cows and goats to llamas and alpacas.

sample to be hopelessly contaminated by, say, a scientist's sneeze.

In fact, the lab is so good at what it does that it may end up getting less work, not more. Forensic scientist Teri Kun remembers one customer who used to regularly send cattle samples seized from rustlers; these days he tends to get confessions as soon as suspects learn DNA tests will be ordered. For the same reason, it's rare that an animal-abuse case referred to the lab ever makes it to court. "Once you have the DNA analysis," says Wictum, "people end up pleading."

That doesn't make working on those cases any easier for Wictum and her colleagues. They remember the names of animals that have been fatally abused and refer to the people who do it as "serial killers." Kun, a mother of two, finds cases involving children as victims particularly difficult. "When I got samples for a case where a 6-year-old was mauled by dogs, I was glad I was alone in the lab," says Kun.

But amid the horrific tales of puppies in pillowcases and decapitated dogs, the scientists get a few laughs too. In 2004 some Texans sent samples of what they were convinced was a *chupacabra*—a legendary hairless beast that drains the

blood of its prey. "We don't do that kind of work, but they submitted it in a roundabout way, so we didn't know what they were looking for," says Wictum. The *chupacabra* turned out to be a very mangy coyote. ■

**"FOR MANY
PEOPLE, PETS ARE
PART OF THE
FAMILY. YOU WANT
AN ANSWER. YOU
WANT JUSTICE."**

BETH WICTUM,
acting lab director





LOOKIN' FOR LOVE...
Jack (Gyllenhaal) and fellow
ranch hand Ennis (Ledger)
in exactly the type of
scene most straight guys
usually don't want to see

How the Wes



CHASING OSCAR

It's a love story (*sigh*) between men (*yikes!*) and a western (*yawn*). So why is everybody talking about *Brokeback Mountain*? By Richard Corliss

IN CERTAIN EVENTS THAT LEAVE THEIR MARK ON pop culture, there comes a flashpoint when *everyone's* talking about the same thing. Call it the Bennifer blitz, the Monica moment, the Janet Jackson distraction. Ground down and fed up by news that matters, Americans lock their vision on a movie-star romance, a sex scandal, a Super Bowl oops as tabloid headlines and talk-show hosts exploit and orchestrate the public's evanescent fervor.

In a more benign and constructive way, America is now experiencing the *Brokeback* breakthrough.

Brokeback Mountain, a western about two cowboys, Ennis (Heath Ledger) and Jack (Jake Gyllenhaal), and the convulsive, frustrating, 20-year love affair they endure, has quickly become the favorite topic of every late-night TV host. Jay Leno imagined Clint Eastwood and John Wayne as gay caballeros. Jon Stewart displayed a doctored *Brokeback* poster with Senators Ted Stevens and Robert Byrd. Letterman's website invited fans to submit their own "Top 10 Rejected Titles for *Brokeback Mountain*." (Among the winners: *Oklahomo*, *Little Bathhouse on the Prairie* and *The Good, the Bad and the Fabulous!*) Jack's plaintive cry to Ennis, "I wish I knew how to quit you!"; is already on T shirts.

Critics' groups had heaped awards on the stars, director Ang Lee, producers Diana Ossana and James Schamus and screenwriters Ossana and Larry McMurtry. The scrolls gave way to statuettes, handed out at the Golden Globes in front of almost 19 million TV viewers. *Brokeback* won for Best Picture, Director and Screenplay. The film is the front runner for the Oscars. No film is even second. *Brokeback* has sucked all the helium out of the balloons.

The next step is to turn buzz into bucks, cachet into cash, and *Brokeback* has been doing just that. Opened in a mere six theaters Dec. 9, the film has expanded its screens each week, to 683 last week—still fewer than one-third of the number for *Glory Road*.



ENNIS: JEFFREY M. HUNTER; JACK: JEFFREY M. HUNTER

t Was Won Over

Hollywood's Homosexuals

It's not as if movies have never shown compelling gay characters before. And the days when the bad guy was also the gay guy are (mostly) gone. But *Brokeback Mountain*'s momentum represents a breakthrough of sorts: the homosexual characters are not in any way sick, criminal or funny. Here's a look at other commercially successful films with gay protagonists:

Yet *Brokeback* outgrossed that movie and all others for three nights after the Golden Globes. Late last week, it had amassed \$34 million—a take that could easily reach \$100 million between the announcement of the Academy Award nominations (Jan. 31) and Oscar night (Mar. 5). It has now expanded to 1,190 screens, but theater owners are impatient. "They want us on 2,000 screens right away," says Schamus, sounding like the chief of a family restaurant that just got a four-star rave in a national newspaper. Schamus is double lucky. Besides producing the film, he is a co-president of the film's distributor, Focus Features, a Universal subsidiary.

The film has managed to carry the luster of its daring, as one of the rare Hollywood movies that are frank about gay sexuality, without provoking the sustained ire of social and political conservatives. Says Jack Foley, Focus' chief of distribution: "America didn't resist the film for a second." Well, maybe for a second: the other night on CNN's *Larry King* when conservative radio host Janet Parshall said, "What we're witnessing, Larry, is the homosexualizing of America." And there are plenty of liberal straight guys like *Seinfeld* co-creator Larry David, who wrote a pukeish Op-Ed in the *New York Times*, confessing, "Cowboys would have to lasso me, drag me into the theater

and tie me to the seat" for him to see it. But most of those who disapprove of *Brokeback*—or think they would if they saw it—have curbed their outrage. They believe it's a serious, sensitive movie.

All that for a gay western art film—a triple whammy of unfashionable genres. *Brokeback* is slow and studied. Jack and Ennis, who come together on the range one cold night in 1963, are neither heroes nor villains—and never masters of their fates. They cannot articulate to each other or themselves the love and need they feel. They express their passion as often through roughhousing as with caresses and incursions. "I ain't queer," Ennis insists, and he weds the doelike Alma (Michelle Williams). "Me neither," Jack affirms, and he marries a take-charge Texas gal, Lureen (Anne Hathaway). But during the '60s and '70s, the men keep their furtive rendezvous, betraying their wives and kids. The movie doesn't judge any of that. It observes, compassionately, and that's the secret of its hold on audiences of all social and political persuasions. The movie is heartbreaking because it shows the hearts of two strong men—and their women—in the long process of breaking.

The process of making a movie of *Brokeback* was long as well. McMurtry and Ossana bought the rights to Annie Proulx's 11-page story soon after it ap-

peared in the *New Yorker* in 1997 and have nursed it ever since. But for years it seemed one of those Hollywood dreams doomed to eternal turnaround. Directors Gus Van Sant and Joel Schumacher were attached to it, then cut loose. Finally Lee shook off his grief over his first Hollywood epic, the massive, leaden *Hulk*, and signed on. The *Brokeback* story is set in Wyoming and Texas, but it was shot, reportedly for a thrifty \$14 million or so, in Alberta. Lee and Schamus submitted the film to the Cannes festival—where their martial-arts collaboration, *Crouching Tiger, Hidden Dragon*, began its stellar career—but were rejected. Not until the fests at Venice (where it won the Golden Lion for best film), Toronto and Telluride, Colo., did the *Brokeback* team get its first sniff of roses.

Focus had a marketing strategy that

THE INTERVIEW

CAPTURING THE COWBOYS

AS THE PREMIER NOVELIST OF THE AMERICAN WEST, LARRY McMurtry, 69, has won a Pulitzer Prize for *Lonesome Dove* and seen film adaptations of his work—including *Hud*, *The Last Picture Show* and *Terms of Endearment*—earn 26 Oscar nominations. But *Brokeback Mountain* was another writer's story, and, as McMurtry tells Josh Tyrangiel, he almost didn't read it.

When your writing partner, Diana Ossana, first showed you Annie Proulx's short story, is it true you said, "I don't read short fiction?" I've never been able to read short fiction, and I've never been able to write it. It's a blank in my intellectual life, and I don't know why. I guess I'm naturally a novelist. I want a few hundred pages to make

my statement. But that resistance only lasted a minute or so. I read it, and we wrote Annie Proulx our letter asking if we could option it an hour later. **Isn't the first rule of Hollywood Never put up your own money?** I've been working in Hollywood since the early '60s, and it's the first time I've ever put up any amount of money at all.

And yet it seemed if there was ever a time to do it, this was it. **You must have been aware that it would be a potentially controversial film. What made you think it would be a good investment?** I wasn't even thinking anywhere near that. I was thinking of getting the rights and writing the screenplay, and what came later came waaaaay later. We just thought it was the greatest story to address the American West. I instantly thought, "Wow, why didn't I write it?" **A lot of your work is about the West, but it's also about the illusion of the West. Is the idea that all the men were platonically macho and never emotionally entangled one of those illusions?** I write stories that turn out to

be set in the West because the West has been the context of my life, but I don't think about things like that. I think about the characters, [but] I have often pointed out that the shoot-'em-up, bang-bang, fast-draw West is a Hollywood invention. It didn't exist. And anybody who knows much about the famous characters of the West knows that it didn't exist, so I have said that. But when I'm writing a story or novel set in the West, [that version of] it is not in my head. **You and Ossana wrote the screenplay together. How do you make that work?** I write five pages a day and am usually through by 8:30 in the morning. I give the pages to Diana. She puts them into the com-



THE CRYING GAME
1992; \$63 MILLION

A watershed movie in its day, its mid-plot revelation that Dil (Jaye Davidson, above left) was actually a man highlighted the prejudice he faced. But at best, Dil was treated as abnormal



PHILADELPHIA
1993; \$77 MILLION

The movie, which gave Tom Hanks, above with Antonio Banderas, his first Oscar, was sympathetic to gay guys to a fault. Here the homosexual is not the villain; he's the victim



THE BIRDCAGE
1996; \$124 MILLION

It had its share of gay stereotypes (Hank Azaria's pool boy), but the movie laughed along with them and with Nathan Lane, above left, and Robin Williams as the longtime couple

may be called a modified limited rollout. It released the film at a pace as measured as Lee's direction. The studio purposefully sent the movie first to urban cinemas, but not necessarily the gay neighborhoods, and relied on word of mouth. But it also spent big, more than the movie cost to make, on marketing, especially to women. It figured the men would go along if they "do not want to look like a complete troglodyte to [their] girlfriends," says Schamus.

The Focus folks didn't conceal the subject matter (as, for instance, Miramax did with *The Crying Game*). "We never tried to hide what it was, so we never had to play defense," says Schamus. Still, in some cities the ads showed the married couples rather than the two men, implying that the sexual action is mostly hetero.

Not everyone is fooled. "Some straight friends said they want to see it, but it's not the type of movie you can see with the guys," said G.P. Theriot, 31, after seeing the film with his girlfriend in Dallas. "And you can't go alone because people will think you're weird."

And, of course, the movie's stars are all hetero. "No one paying attention will fail to know that Heath Ledger just had a child by the woman who plays his wife," says Larry Gross, director of the U.S.C. Annenberg School for Communication, "and that Jake has been dating Kirsten Dunst." But then, every macho Hollywood star is straight—or must pretend to be. "The film says it's terrible that you couldn't be openly gay as a shepherd in Montana in the '60s, but you can't be openly gay as a successful young actor in

Hollywood in 2006," says Gross. "When an A-list romantic action lead comes out, that will be a Jake Robinson moment."

So how much of a cultural shift does *Brokeback* represent? "This is the first sort of red-state gay movie," says producer Craig Zadan, who won a Best Picture Oscar for *Chicago* three years ago. "It's a movie with macho, masculine, acting-straight guys on horses, and it turns out to be a gay love story."

Schamus disputes that a chasm exists between big cities and God's country. "This whole red-state-blue-state thing is absurd," he says. "The film has performed amazingly in Little Rock, Birmingham and Fort Worth, Texas. The fact is, Americans are Americans. There may be places where their politics in the aggregate tilt one way or the other, but do you cross a state boundary and turn into some other kind of animal? No. Americans talk to each other. Americans are listening to each other. And *Brokeback* is proving it."

Add it all up: Shock value. Curiosity value. Armfuls of awards. A lovely lead performance or two. A film that makes you think, lets you cry. It's no wonder *Brokeback* broke through. —Reported by Amy Lennard Goehner/New York, Desha Philadelphia/Los Angeles and Adam Pitluk/Dallas



LESTER COHEN—WIREIMAGE

puter, subtracts, adds, moves them around, restructures. And we do that every day until we have a draft.

Why limit yourself to five? If you let yourself go on a good day and write 25 pages, the well is sucked dry, and it's harder to go on. The thing about a long narrative is momentum. A little bit every day is better than a lot one day and nothing the next. **One of the main things you added to the story was women. In a lot of your work, women turn out to have far richer interiors than men. I have always argued that if you want to learn something about emotion, you have to ask women. That's why I've had three women characters who've won Oscars—[for]**

Patricia Neal, Cloris Leachman and Shirley MacLaine. I've always thought that for my interests, emotionally, I have to seek women to talk about. Men don't talk about emotion. They don't understand it.

Have you been happy with the films made from your work over the years? I feel I've been maybe the luckiest of American writers in that my novels have generated very good films, more than the average. Maybe Steinbeck was luckier. **You attribute that to luck?** No, I attribute it to coming from a strong place that breeds strong characters, and strong characters are what major actors and actresses want to play. They want to play somebody vivid. **Do you still see a lot of movies?**

Not much. I'm old. I've seen a lot of movies. I have the same problem with fiction. I can't read fiction anymore. I've reviewed over 1,000 novels, and I just burned out a long time ago. Occasionally I'll reread *War and Peace* or *Anna Karenina* or *Middlemarch*. **So what do you read for fun?** History. *Memoirs of World War I*, trying to figure out how we got from 1895 to 1945. **In your Golden Globes acceptance speech you thanked your typewriter. Have you ever used a computer?** Never. **How do you know that you wouldn't like it?** I don't. I just know that I'm satisfied with my typewriter. I've been typing on it 50 years, and I don't see any reason to change. ■

LAST PICTURE SHOW McMurtry no longer sees many movies

Making a Man of Her

A woman puts on stubble and pants and spends a year living, bowling and dating as a guy

By LEV GROSSMAN



GOD GAVE NORAH VINCENT A gift: huge feet. She wears a size 11½. Men's 11½. That is not something she has necessarily always felt grateful for. "A lot of times I have to buy men's shoes," she says. But

those big dogs wound up coming in handy when she spent 18 months dressing, talking, working and dating as a man.

Vincent didn't cross the great gender divide for the sheer fun of it. In fact, she found the experience extremely painful. "Looking back on it now," she says, "I nev-

created an alter ego whom she named Ned.

Ned looked a lot like Norah but with accessories: a sports bra to keep her breasts under wraps, a manly new flat-top haircut, a weight-lifting routine to bulk out Norah's girly shoulders, and a prosthetic penis to fill out his/her crotch. And Vincent hired a voice coach to teach her to talk like a guy—slowly, with as little expression as humanly possible, keeping those emotions under wraps and the hand gestures to a minimum.

Ned also came with a dusting of fake stubble for Vincent's smooth, pink, ladylike cheeks—"I was always thinking, Is it coming off? I always had this little hanky. I'm sure people thought it was really affected. I was

in a Catholic monastery, in which she found that the ancient question "Ginger or Mary Ann?" was still being debated.

Of course, the chapter you flip to first is the one about dating. Vincent speed-dated. She hit on chicks in singles bars. (Vincent is gay, so it's not so big a stretch as you may think.) She went on dozens of Internet dates. Looking out from behind Ned's stubble, she was surprised at how much sexual power women have over men, even when women may feel disempowered in other ways, and how icily they wield it. She was also surprised how tough it was to keep up the façade of bluff, jocular arrogance that both sexes demand from men at all times. "Every man's armor is borrowed and 10 sizes too big," she writes in *Self-Made Man*, "and beneath it, he's naked and insecure and hoping you won't see."

If you're picking up on an undertone of empathy with the hairier sex, you're right. This isn't a we-are-the-world book in which Vincent rejoices in our common humanity.



"DATING WOMEN AS A MAN WAS A LESSON IN FEMALE POWER, AND IT MADE ME... INTO A MOMENTARY MISOGYNIST."

—NORAH VINCENT, from *Self-Made Man*



er would have done it if I had known what it really was. I had no idea that it would take this big a toll." She did it in order to write a book, *Self-Made Man* (Viking, 290 pages), about how the other half lives. Kind of like Maureen Dowd but with research.

In person, Vincent is affable and articulate. She is neither an avenging feminist valkyrie nor a Coulteresque apologist for the patriarchy. She's more like a neutral anthropologist, genuinely curious about what on earth could possibly make men act the way they do. Vincent doesn't look especially masculine, although she is on the tall side—5 ft. 10 in. and lanky—and her voice is somewhat south of the alto range. (And there's the feet.) So she

always going to the bathroom to check it." Plus, Ned had a brand-new manly attitude. "One of the things I picked up as a man was projecting a certain confidence and authority and entitlement," Vincent says. "As a woman, you're often apologizing for things."

For Vincent, putting on Ned's costume almost every morning was like descending into the ocean in a bathysphere or hacking her way into the interior of the Amazon jungle, only that jungle is all around us every day. Ned took her places most women don't go, or can't, or wouldn't if you paid them. She joined an all-male bowling league. She ordered lap dances at strip clubs. She went on an *Iron John*-style men's retreat. She even spent three weeks

It's too subtle for that, too smart and too honest. If anything, she found the gender gap to be even more unlearnable than she had expected. But she did come to believe that some feminist sniping at men is just too easy, that if women tried harder to understand men, they'd realize that men too are trapped by patriarchal prejudices in their own way. "I think men have been sort of forced to learn women's language, through the feminist movement," she says, "but women haven't seemed to evince a curiosity in learning men's language. Men have ways of communicating that women don't understand. And we think, because it's not our way, that nothing is being said." Ned would probably agree. Even though he's way too manly to say so. ■

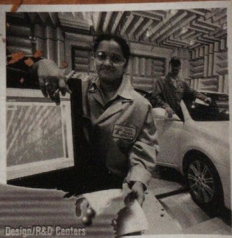


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WHO'S WHO?
Coogan, right,
plays the hero,
and Brydon is
his sidekick



MOVIES

A Taste of Vintage Shandy

Take one much loathed classic novel and turn it into a cheeky postmodern film. Strangely, it works

ADAUNTING TEST—MORE LIKE A HAZING or a prank—for unsuspecting English majors, Laurence Sterne's *The Life and Opinions of Tristram Shandy, Gent.* has for nearly 2½ centuries been the least-read classic in the canon. The novel is such a wildly, willfully discursive history of its hero and narrator (whose birth does not occur until more than half-way through the book) that the notion of turning it into a 94-min. film raises two stubborn questions: How? and Why?

The answer comes in a comment on the novel in the movie *Tristram Shandy: A Cock and Bull Story*; the book is "a postmodern classic written before there was any modernism to be post about. So it's way ahead of its time." Its spirit can be caught only in a blithe, brazen adaptation of the sort that director Michael Winterbottom and screenwriter Frank Cottrell Boyce have concocted with the aid of game cast members who apply the scalpel of parody to themselves as well as to the material. To put this in simple English, *Cock and Bull* begins by dramatizing some events from the novel, then breaks open into a faux documentary on the making of a film called *Tristram Shandy*.

The plot? Oh, never mind, except to note that it sidles up to the hero's birth and impromptu, painfully comic circumcision. What matters here is the casting of the two—sorry, six—leads. Steve Coogan, the Brit comic best known for incarnating Alan Partridge, a suavely unknowing TV host, plays four roles: Tristram, his father, Sterne and a

put-upon egomaniac star named Steve Coogan. Rob Brydon, who has worked often with Coogan, plays Tristram's Uncle Toby and "Rob Brydon." Much of the film's grace and brass come from their comic kinship, as when they compare Pacino impressions, or discuss the exact shade of Toby's teeth. Brydon suggests "not white," "hint of yellow" and "Tuscan sunset" and finally "soothing": "I think you'd decorate a child's nursery in this color."

Everyone takes sporting lumps, from Winterbottom, who (as impersonated by Jeremy Northam) is seen as impervious to his actors' pleas for help, to Gillian Anderson, the *X-Files* alum who is imported at the last minute to pump up the film's marquee allure. (Someone asks if she's "the one in *Baywatch*.") But it's Coogan who places every aspect of his *personal and professional life* on the altar of mockery. Was his one starring role in a big American film (*Around the World in 80 Days*) an abysmal flop? Put it in the movie. Was he discovered, while still married, in a London hotel with two lap dancers? Allude to that as well. And has he, like everyone on the set, not read the novel? Then let him complain, "Would you believe a book this big doesn't have an index?"

This may seem too inside-cricketer for a U.S. audience. And it's true that *Cock and Bull* is so postpostmodern, it's very nearly postmovie. But it's no less diverting for all that. It would be a shame if the great novel no one has read becomes the terrific film nobody bothers to see. —By Richard Corliss

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**RYAN ADAMS****29**

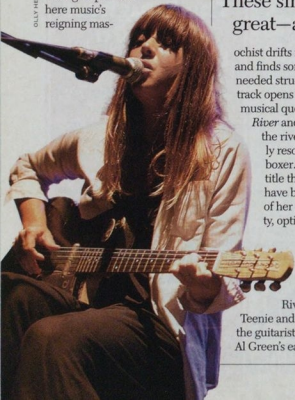
RENOWNED FOR
writing songs
faster than most

people have life experiences, Adams, 31, fills his third album in the past 12 months with nine lengthy tracks, each of which summarizes a year in his 20s. It's a conceit that at times elevates his self-pity to epic proportions (on *The Sadness* he wails, "The sadness is mine," over a flamenco guitar lick—*¡qué melodramático!*), but it also creates moments of immense tenderness as Adams says a reluctant goodbye to youth (*Carolina Rain*, *Starlite Diner*) and contemplates a commitment to something other than himself. "If you want any flowers," he sings with dawning wisdom on the standout *Strawberry Wine*, "you gotta get your seeds into the ground."

**CAT POWER**
THE GREATEST

TYPICALLY, CHAN
Marshall, a.k.a. Cat

Power, creates a few bars of something gorgeous and then lets her songs descend into frustrating torpor. But here music's reigning mas-



OLLY HENRY—REXNA



SPEED DEMON:
Adams, perhaps
just finishing
another album

TERRY O'NEILL

5 VOICES YOU NEED TO HEAR

These singer-songwriters sound great—and have something to say too

ochist drifts into Memphis and finds some much needed structure. The title track opens with a fleeting musical quote of *Moon*

River and proceeds to tell the riveting—and neatly resolved—tale of a boxer. *Empty Shell*, a title that once might have been descriptive of her style, has a jaunty, optimistic streak.

And it doesn't hurt that the album is full of great playing from River City legends Teenie and Leroy Hodges, the guitarist and bassist on Al Green's early albums.

**▼ SARAH
HARMER**

I'M A MOUNTAIN
SONGS ABOUT THE
environment are

rarely as good as their singers' intentions, but *Escarment Blues*, like much of Harmer's third album, is exceptional. The lyrics are oblique ("If they blow a hole in the backbone/The one that runs cross the muscles of the land"), but the singing is direct. Blessed with a precise alto, Harmer never adds fligree to her vocals or arrangements. She just lets natural beauty speak for itself.

**RAY DAVIES**
**OTHER
PEOPLE'S LIVES**

THE VOICE OF
the ex-Kinks

front man, 61, isn't what it used to be, but his pen is still sharp. Davies writes a bit about New Orleans, the city where he has lived (and was shot after chasing a mugger in 2004) for most of the past five years. Songs like *The Tourist* ("I'm just another tourist, checking out the slums"), written pre-Katrina, are well observed, but his strength is less as a broad social critic than as the creator of mini domestic dramas. *Creatures of Little Faith* is a barbed story of domestic misery, while *Next Door Neighbour* is reminiscent of the Kinks' *Well Respected Man*.

**JENNY LEWIS**
**WITH THE
WATSON TWINS**
**RABBIT FUR
COAT**

ON A BRIEF VACATION FROM the rock band Rilo Kiley, Lewis takes exuberant steps in lots of musical directions. From the gospel rhythm and secular doubt of *The Big Guns* ("I've won hundreds at the track but I'm not betting on the after-life") to the blue-eyed soul of

You Are What You Love, each song has a sense of narrative motion, largely because Lewis knows which moments call for delicacy and which demand emotive belting. She can also interpret others' songs, as proved when she nips *Handle with Care* from the mouths of the Traveling Wilburys and turns it into a female anthem. —By Josh Tyrangiel

DOCTOR'S ORDERS

▶ WATCH LETTERMAN, OR HAVE SEX?

Is your love life going down the tubes? It may be because you're paying more attention to your television set than to your partner, according to a survey by a team of British psychologists. Its poll of 523 couples, ages 18 to 65, found that those with TVs in the bedroom had sex half as often—four times a month vs. eight—as those without. What the couples watched seemed to affect passion as well. Violent shows and

reality TV dampened romance; news programs, for some reason, seemed to encourage lovemaking.

28%

Percentage drop in the occurrence of ovarian cancer in women who regularly take nonsteroidal

anti-inflammatory drugs, such as Advil or Aleve, according to a new study in *Epidemiology*. Aspirin users had the lowest risk—37% lower than that of nonusers.

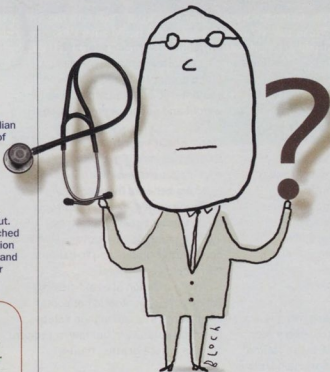


▶ TRY THIS SPICE TO SETTLE THE STOMACH

A new study in the *American Journal of Obstetrics and Gynecology* suggests that taking 1 g of ginger can cut the risk of postoperative nausea 31%. Caveat: ginger works for only about 65% of people who take it.

▶ YOU ARE WHAT YOU EAT—AND DRINK

Danish scientists staked out grocery stores and found that people who buy wine instead of beer also buy healthier foods. Wine buyers purchased more olives, fruits, vegetables, poultry, low-fat milk and lean meat. Beer buyers rang up more cold cuts, chips, sausages, butter and sodas. —By Sora Song



HEART SONGS

By CHRISTINE GORMAN

JUST BY LISTENING THROUGH A STETHOSCOPE TO THE sounds inside your chest, a well-practiced doctor can tell whether a valve in your heart is leaky, you have a touch of pneumonia in your lungs or your heart isn't pumping as much blood as your body needs. In many cases, a subtle change in the pattern of bodily noises can alert your physician to problems long before symptoms appear. Unfortunately, the art of auscultation, the technical term for listening to those sounds, is slowly dying. Seasoned physicians complain that their younger colleagues are simply more comfortable ordering high-tech—and more costly—computerized scans to make diagnoses.

Enter Dr. Michael Barrett, 57, of Temple University in Philadelphia. A cardiologist by training, Barrett started playing with his new CD burner a few years ago and got to thinking that maybe the way medical schools teach their students to use the stethoscope is all

wrong. Typically, he says, students attend a basic lecture and listen to a couple of practice recordings, then they're on their own. The cardiologist suspected that they needed more repetition for their brains to assimilate the patterns dependably. Barrett started

giving his students CDs on which he had recreated the rhythm and nature of various kinds of heart murmurs. He used a mechanical simulator to produce the purest patterns (and to avoid disturbing a lot of patients). But when he asked some of the students whether they were listening to their CDs, they told him, as he recalls, "Gee, Dr. Barrett, no one listens to CDs anymore. We've uploaded everything onto our iPods."

So after consulting with a computer-savvy nephew, Barrett turned his heart recordings into iPod-readable MP3 files. They worked even better than the CDs, he found; students could see the title of each "song" they played.

How often would you have to listen to those heart sounds before you could reliably identify various types of murmurs? About 500 times, according to a study Barrett published last week in the *American Journal of Medicine*.

Young doctors are losing their stethoscope skills

The students' ability to diagnose murmurs jumped from 39% to 89% after listening to their iPods for two to three hours. A score in the 80s, Barrett says, is about as good as that of most practicing cardiologists.

TAKE HEART

American Heart Month

February is about hearts—Valentine's Day hearts and candy hearts, of course, but real hearts as well—yours, your children's, your neighbor's and even the hearts of people you haven't met.

In 1963, Congress requested the President to designate February as American Heart Month. This observance has become a time to raise awareness of how to prevent and treat heart disease, and to recognize the importance of the fight against this killer.

Just the facts

Since 1900, heart disease has been the No. 1 killer in the U.S. every year but one. In fact, heart disease claims more lives each year than the next five leading causes of death combined.

Every year for the past 20 years, heart disease has claimed the lives of more women than men.

Most people think that this is a man's disease, but every year for the past 20 years, heart disease has claimed the lives of more women than men. An estimated 10,000 women under the age of 45 have a heart attack in this country each year, and the risk of heart disease increases with age.

Women are often not aware that heart disease can affect them. They don't recognize the symptoms and delay seeking help, which may explain why the survival rate for men has improved but not for women. Still, the vast majority of heart attacks can be prevented, and it's never too late to make healthy changes.

All women should insist on being screened to determine if they have

any of the risk factors for heart disease. This includes measuring blood pressure, blood sugar and cholesterol. Maintaining a healthy weight and not smoking are also vital.

Don't cheat your heart

Even small changes in what you eat each day and how active you are add up to big benefits for your heart.

Eating wisely is easier than you think. Current guidelines stress overall eating patterns over several days, rather than trying to balance nutrients at each meal.

The foundation of heart-healthy eating is to plan meals that center on ingredients that are high in soluble fiber and potassium but low in sodium, such as whole grains, fruits,



vegetables, low-fat or nonfat dairy products, fish, poultry and lean meat. Sauté foods in olive oil instead of butter and cut back on added salt.

Give your heart a gift this month

If you think your nutrition act could use some cleaning up, try out a few changes you can accomplish without much effort. Don't feel you have to finish every bite of an oversize



restaurant entrée. No one's going to give you a badge for being a member of the Clean Plate Club. Eat half a breakfast bagel instead of all of it and save the other half for an afternoon snack. Better yet, have some grapes or cereal instead.

Calories really do count. If you take in more than you work off, you'll gain weight, which can be bad for your heart. Aim for at least half an hour of moderate aerobic activity on most, if not all, days of the week. Moderate means that you feel slightly winded but not so out of breath that you can't carry on a conversation with an exercise buddy.

Walking is certainly a good place to start. If you don't have half an hour a day to devote to a brisk walk, break it into three 10-minute segments. Don't forget to take your dog along. You'll both benefit.



Go Red For Women

The American Heart Association's Go Red movement encourages women to take a moment



daily and place your hands over your heart, breathe deeply and think about your heartbeat. By loving your heart, you can save it.

To keep your heart healthy:

- Know your numbers. Keep your blood pressure, cholesterol, glucose and weight in a healthy range.
- Incorporate physical activity into your daily routine.
- Learn how to eat wisely.
- Schedule a doctor's appointment each year on your birthday.

For more information, call 888-694-3278 or visit www.americanheart.org and click on "Go Red For Women."

One of the best reasons for trying our new maple brown sugar cereal has nothing to do with maple or brown sugar.

In every box of new Smart Start® Healthy Heart Maple Brown Sugar you'll find a genuinely delicious cereal, with lightly sweetened bran flakes and crunchy oat clusters. You'll also find ingredients that make Smart Start® the only national cold cereal that can help lower both your blood pressure and your cholesterol.* There's a lot in that box that we're proud of but still the best reason for bringing some home is already in your house.



Do more.

A proud supporter of



*Diets containing foods that are good sources of potassium and low in sodium, such as Smart Start® Healthy Heart, may reduce the risk of high blood pressure and stroke. Three grams of soluble fiber daily from oat bran in a diet low in saturated fat and cholesterol may reduce the risk of heart disease. Smart Start® Healthy Heart has 1.5 grams of this soluble fiber per serving. The only national cold cereal with these ingredients.

10

MOST
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(Tuition and fees only)

\$37,738

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Vermont

\$36,400

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University
District of Columbia

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University of Richmond
Virginia

\$34,042

Sarah Lawrence College
New York

\$33,930

Kenyon College
Ohio

\$33,800

Vassar College
New York

\$33,630

Trinity College
Connecticut

\$33,570

Bennington College
Vermont

\$33,364

Simon's Rock
College of Bard
Massachusetts

\$33,350

Hamilton College
New York

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DISCOUNT
EDUCATION

Smaller private colleges seeking to lure students from the Ivies are increasingly turning to aid based on academic achievement rather than economic need. Merit scholarships grew from \$1.2 billion in 1994 to \$7.3 billion in 2004.

—By Lisa McLaughlin



DO 529s PAY?

By BARBARA KIVIAT

SAYING THAT A 529 SAVINGS PLAN IS THE BEST way to invest for your kids' education is like saying there are good shows on TV. It may be true—if you hit the right channel at the right time.

The basic case is this: 529s let you invest money without having Uncle Sam reach in each year and tax your earnings. Thanks to the magic of compounding, a yearly investment of \$3,000 that grows, say, 7%

annually, to \$38,632 after 10 years, could grow tax free to \$44,351, according to Robert Matricardi at T. Rowe Price. (You also don't get taxed when you spend the money, though that little bonus will run out at the end of 2010 unless Congress extends it.)

Unfortunately, 529 plans come in all stripes, and plenty of them are so ill constructed that they seriously eat away at your tax benefit. To make a

**As more people
cash in their
college funds,
some are asking,
Were they worth it?**

529 worth it, you need to avoid three main pitfalls.

Don't buy through a broker Those middlemen typically take an up-front commission—something like 5% of the money you invest. Over 10 years, that \$3,000-a-year in-

vestment thus becomes \$42,133—or \$2,218 less.

If the advice you get is worth that price, great. If not, consider a plan sold directly to investors. Kerry O'Boyle, an analyst at investment tracker Morningstar Inc., recommends Alaska's T. Rowe Price College Savings Plan and the College Savings Plan of Nebraska. (Just be aware that if you buy an out-of-state plan, you may be giving up state tax breaks and other perks for residents.)

Beware exorbitant expenses In addition to whatever you might pay a broker, you'll pay annual management fees (which help run the plan) and expense ratios (which help run the underlying mutual funds). Every dollar you pay is a dollar less you'll have available to spend on tuition. So look at plans that have manage-

ment fees of less than 0.5% and shoot for one that's closer to half that. Expenses on the underlying investments shouldn't be more than 1%. This will knock a lot of plans out of contention, but that's O.K. In the end, you're going to be left with only one plan anyway. Ultra-cheap plans include the Utah Educational Savings Plan and New York's 529 Savings Program.

Don't forget that 529s are investments There is risk in any 529 fund and, in most cases, no guarantee that you won't lose money. Pick a plan that has a range of investments, from stocks to a money-market fund or other cashlike option, so that you can move into safer securities as your kids get older. (In other words, you shouldn't be loaded up on tech stocks when Junior is, well, a high school junior.) Most plans you buy directly (i.e., without a financial adviser) include age-based portfolios. That means the fund company decides how you should be investing at each stage and automatically redistributes your assets.

Of course, you're free to skip the 529s if you determine that you'll be paying more in fees, expenses and loads than you'll save in taxes. That calculation will take some research and number crunching, but remember that this is your kids' education—probably the most important thing you'll ever buy.

For more about picking college savings plans, visit time.com/529





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Legal Notice

If you were a Time Warner Cable subscriber any time between January, 1994 and December, 1998, you may be eligible for free cable services from a class action settlement.

Please read this Notice. Your legal rights may be affected.

A settlement has been proposed in a class action lawsuit which claimed that Time Warner Cable sold its subscribers' personal information to other companies for marketing purposes. The settlement will provide free Time Warner Cable services to anyone who subscribed to Time Warner Cable at any time between January 1, 1994 and December 31, 1998, and was on a list of subscribers whose information may have been sold. If you qualify, you may send in a claim form to get free cable services, or you can exclude yourself from the settlement, or object to it.

The U.S. District Court for the Eastern District of New York authorized this notice. Before any free services are given, the Court will have a hearing to decide whether to approve the settlement.

Who's Included?

You are a Class Member if you were a Time Warner Cable subscriber any time between January 1, 1994 and December 31, 1998, except if you are a Time Warner Cable employee, officer, director, or counsel. Only subscribers who were on a list of subscribers whose personal information may have been sold qualify to get free services. To find out if you qualify, call the toll-free number below.

What's This About?

The lawsuit claimed that Time Warner Cable sold personal information about its subscribers to other companies, without first making the required disclosures of its practices to subscribers. As a result, the lawsuit asserted violations of applicable law relating to Time Warner Cable's privacy notice and disclosure practices from 1994-1998. Time Warner Cable denies it did anything wrong and does not admit any wrongdoing by this settlement. The Court did not decide which side was right. But both sides agreed to the settlement to resolve the case.

What Does the Settlement Provide?

If you qualify, here is what you can get:

Current Subscribers: If you are a Time Warner Cable subscriber now, and your information had been available for sale, you can pick either: (1) one free month of any additional Time Warner Cable service that you don't already have, or (2) two free Movies On Demand.

Former Subscribers: If you are not a Time Warner Cable subscriber now, and your information had been available for sale, you can pick either: (1) one free month of any Time Warner Cable service with free installation, or (2) you can give your settlement benefit to someone else. If you pick HBO or Cinemax, you also can get a free month of The Movie Channel or Showtime.

Your Free Service May Double: Depending on how many people claim the free services, you may get double free services. If you claim a free service, you will be told later if it has doubled. You can find out more about the settlement benefits at the number or website below.

How Do I Ask for the Free Services?

The detailed notice and claim form package have everything you need. Just call or visit the website below to get them. To qualify for a free Time Warner Cable service, you must send in a claim form. **Claim forms must be postmarked by July 24, 2006.** Once this settlement is final and becomes effective, you will be contacted regarding your claim for free service and be able to make your selection at that time.

What Are My Other Options?

If you don't want to be legally bound by the settlement, you must exclude yourself by **March 24, 2006**, or you won't be able to sue Time Warner Cable about the legal claims in this case. If you exclude yourself, you won't get any free services from this case. If you stay in the settlement, you may object to it by **May 4, 2006**. The detailed notice explains how to exclude yourself or object.

The Court will hold a hearing in this case (*Parker v. Time Warner Ent. Co.*, Case No. CV 98-4265), on **May 19, 2006 at 10:00 a.m.**, before the Honorable I. Leo Glasser at the U.S. District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, New York, Courtroom 5, to decide whether to approve the settlement. Time Warner Cable also has agreed to pay the four law firms representing all Class Members \$5,000,000 in attorneys' fees and costs, for investigating the facts, litigating the case since 1998, and negotiating the settlement. The Court also will consider whether to approve this payment at the hearing. You may appear at the hearing.

1-800-291-3831

Please do not contact the Court
www.twcsettlement.com

THEY CAN TALK!

Old supermodels used to just retire and catch up on eating. But now they have another career option besides having Rod Stewart's children—TV.



RACHEL HUNTER

Show: *WE's Style Me* (new)

Concept: Would-be celebrity stylists compete to dress her

Model behavior: Proved she still has the mom in risqué Stacy's Bad rock video; now must clothe it



JANICE DICKINSON

Show: *Oxygen's The Janice Dickinson Project* (new)

Concept: An industry vet opens a modeling agency

Model behavior: The cruelest judge from *Tyra Banks* show inspires more tears this spring



HEIDI KLUM

Show: *Bravo's Project Runway*

Concept: Aspiring clothes designers compete

Model behavior: Miraculously makes both German and pregnancy seem sexy



TYRA BANKS

Shows: Syndicated *Tyra Banks Show* and UPN's *America's Next Top Model*

Concepts: *Oprah* for teens and *Survivor* for pretty girls

Model behavior: Complains about her cellulite. *Oprah* should sock her

PEOPLE

By REBECCA WINTERS KEEGAN



IF YOU KNEW IDI LIKE HE KNOWS IDI ...

FIRST LOOK

How does one prepare to become one of modern history's most notorious dictators? "I learned the accordion," says **FOREST WHITAKER**, who plays the former Ugandan despot Idi Amin in the upcoming political drama *The Last King of Scotland*. The film follows a Scottish doctor who becomes Amin's personal physician. Whitaker also studied Swahili, met Amin's family and some of his former generals and visited the East African nation's palaces and temples. "Most people think of [Amin] as a monster," says the actor. "But he was funny, charming, passionate and flamboyant." Maybe. Since he's responsible for the deaths of hundreds of thousands of Ugandans, though, it's hard to imagine him as good dinner company.

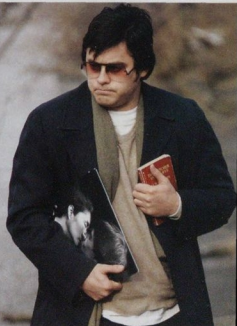


WHERE NO STONE HAS BEEN BEFORE

WILLIAM SHATNER has always given of himself to the people—but never something quite this close to his heart. The *Boston Legal* star sold his kidney stone for \$25,000 to raise money for the charity Habitat for Humanity. Captain Kirk's renal calculus was snapped up by online casino GoldenPalace.com, which added the specimen to its collection of oddities, including a partially eaten sandwich thought to contain the image of the Virgin Mary. "This is a bold new addition to our fleet," said the casino's CEO, evidently a longtime *Trek*kie. Shatner says his stone is no mere lump of calcium. "If you subjected it to extreme heat, it might turn out to be a diamond."

THE BALLAD OF JARED AND YOKO

Frankly, we wouldn't want that guy lurking around our house either. **YOKO ONO** is raising a protest about *Chapter 27*, a movie starring **JARED LETO** as John Lennon's assassin, Mark David Chapman. The Beatle's widow checked to see if she could prevent filming of the façade of the Dakota in New York City, the spot where Lennon was shot and where she still lives, but filmmakers obtained the necessary city permits and started work there last week. "She thinks the whole concept is terrible and offensive," says an Ono spokesman. "The filmmakers are fulfilling an assassin's dream." Leto, shown here clutching copies of *Catcher in the Rye* and *Double Fantasy*, as Chapman did the day he shot Lennon in 1980, co-stars with Lindsay Lohan as a Lennon fan. And yes, the teen idol has packed on the poundage, George Clooney-style, to portray the deranged loner. Perhaps he has seen what a little potbelly can do for a heartthrob's career.



F. HANSEN/GETTY IMAGES

M. BELL/DAVID WHITE IMAGE

DAVID J. LANDAU

M. ANZUONI/REUTERS

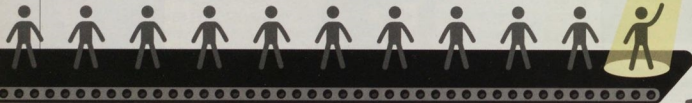
WINTERS—LANDAU/2

NEIL DAVISON—FOX SEARCHLIGHT
STYLING: SCHNEIDER

James Poniewozik

Beautiful Losers

The name of the show is *American Idol*. So why is it the bad singers we love?



*I hear America singing, the varied carols I hear;
Those of mechanics—each one singing his, as it should be,
blithe and strong...*

—Walt Whitman, *Leaves of Grass*

WE HAVEN'T SEEN ANY MECHANICS YET AT THE *AMERICAN Idol* fifth-season auditions. But there was a dental assistant. And a deputy sheriff. Twins—several sets. A husky-voiced Ukrainian chanteuse desperate for a performers' visa. The inventor of the Cosmic Coaster, a floating beverage holder. ("Center it!" he coached judge Paula Abdul as she set her glass teetering on the contraption.) A white guy who said he flunked the audition because America is "prejudiced and racist." And "Flawless," a wispy-bearded dancer of limited talent who appeared to be a perfect candidate for the job of Britney Spears' eventual third husband.

Most shows in their fifth season have begun to flag in the ratings, and nearly every hit reality show has faltered this season. But *American Idol* pulled 35.5 million viewers, its biggest debut ever. What's more interesting than how much the audience has grown is where it has grown. As the show has aged, the audition episodes—weeks of oddballs, naifs and some of the worst singers God ever cursed with larynges—have become the most popular.

American Idol is really two shows. There's the *American* half, in which America turns up to petition Paula, Randy and Simon, that cruel trinity of fame gods. And there's the *Idol* half, which doesn't get going until March, in which the show hypes up its 12 finalists, the better to have a marketable product after one of them becomes champion. So why do the worst singers draw higher ratings than the best? You can thank in part micro-celebrity William Hung, who tortured Ricky Martin's *She Bangs* during the third-season auditions and ended up with a record deal. But more than that, *American Idol* is the TV show that best understands America's schizophrenic twin desire to celebrate underdogs—and to destroy them.

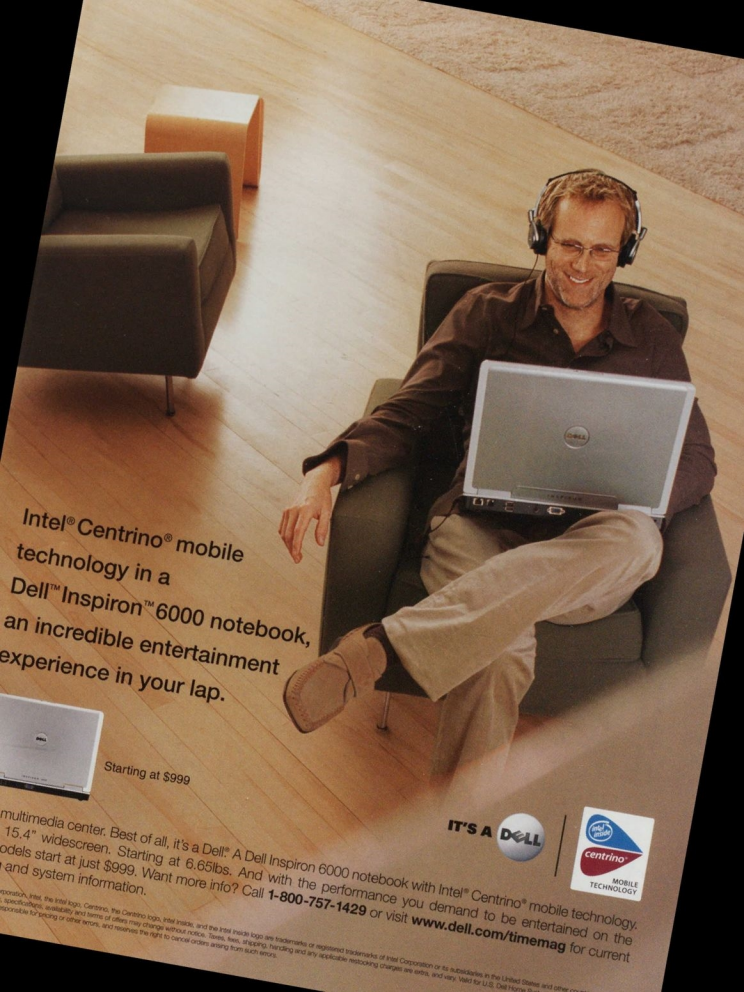
America, after all, is an overdog nation with an underdog mythology. We were founded when a scraggly, improvised army of renegades beat a superpower. Now we're a superpower that squashes scraggly, improvised armies of renegades. Our popular idea of a self-made businessman is Donald Trump, the billionaire son of a millionaire. We cheer for Seabiscuit when the rest of the world knows that we're really War Admiral.

As for *AI*, the show that offers a shot to the little guy is not shy about advertising its overdog status. On the season debut, host Ryan Seacrest narrated a tribute to the show's popularity. "What started as a simple talent quest has become a national phenomenon," he said over video of seas of teen and twenty-something applicants thronging stadiums and audition halls like pilgrims on the *hajj*. "It's become a modern rite of passage, like going to the prom. You get your first car, you graduate from high school, and when we roll into your town, you audition for *American Idol*."

Seacrest's description may be self-serving and creepy—one imagines herds of wannabe Mariahs staggering through the streets, *Dawn of the Dead*-style, answering *AI*'s irresistible call—but it's hard to argue with. According to the show, nearly half a million people have auditioned so far. But if the auditions have become the closest thing America has to a national-service program and yet so much of the show is devoted to the awfulness of the applicants, then *American Idol*'s message is simple and unambiguous: America, you stink.

So why would 35.5 million Americans tune in to agree? The *AI* auditions tell Americans as a country—with our massive army and troves of Olympic medals—that it's O.K. to root for the overdog, because, face it, the underdog is usually called that for good reason. But they also make us, as individuals, feel better about our own place in the pack. The American ideal of opportunity for all, which *AI* embodies, may be a blessing or a myth. But either way, it can also be oppressive. Because the corollary is that if you don't achieve your dreams, it's your own fault—you had your chance.

After winning the first season, Kelly Clarkson took the stage to sing her first single: "Some people wait a lifetime/ For a moment like this." She was right. In fact, most of her audience is still waiting and probably always will. That's where the audition episodes come in: they show us that failure is not the end. Because of all the things that most bad auditioners have in common—loud clothes, a taste for the oeuvre of Celine Dion—the greatest is faith. Insulted and denied, they leave believing that the judges are idiots and fame is around the next corner. That is how *AI* earns the *American* half of its title. It is a Whitmanian collection of strivers, sounding their barbaric yawns over the roofs of the world, dreaming of their own Clarkson coronation, ready to wait a lifetime, if need be, for a moment like that. ■



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